

The Weather

New York City and vicinity: Fair and mild. High in upper 70s. Moderate east to southeast winds. Yesterday's temperature range to 9 p.m.: High, 75; low, 63.

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Enter the Edsel

Preparations End; One Question Remains: Will The Public Buy It?

Company Draws Dealers From GM, Others, Works Hard To Achieve "Visibility"

There's No Edsel in Edsel

BY GEORGE MELLOAN

Staff Reporter of THE WALL STREET JOURNAL

WAYNE, Mich.—Richard E. Krave is a wiry, bespectacled gent who expends no little nervous energy rocking his office chair back and forth and swinging it in quick half-circles. And well he might. He's directly in charge of a project with a highly uncertain future—the introduction of a new line of automobiles.

Mr. Krave is a vice president of Ford Motor Co. and general manager of its Edsel division, which on September 4 will officially unveil its offerings before a public that, thanks to teasing publicity "leaks," probably won't be too startled. Mr. Krave naturally believes the Edsel's debut still will hold a few surprises. It should, 10 years and \$250 million already have gone into the car, according to its advance billing. The car has been in production for about five weeks.

Eager to Start Selling

Sitting and chatting with a visitor, Mr. Krave manages to start out with a good deal of nonchalance. "Our biggest problem was time," he notes, "time to get everything done before our introduction date. But now everything is falling into place." Then, explaining that the next two months will be perhaps the most important in the Edsel's life, Mr. Krave reveals an undercurrent of tension. "The initial reaction to the car will be very important. I'll certainly be glad when we can start selling."

Invading the auto market with a completely new car is far from easy, as Mr. Krave well knows. Not since the introduction of the 39 Mercury in the fall of 1936 has a new line of cars been launched that lasted more than a few seasons.

There's an even more fundamental reason for tension around Edsel headquarters, a rambling one-story building in a wooded setting west of Detroit, and in fact throughout the whole Ford company. The Edsel may determine for many years to come whether Ford ever can match the sales of its giant competitor, General Motors.

Ford, Chrysler Gals

In the first half of this year Ford Motor Co. boosted its share of the entire auto market to 30.2% from 28.9% in the first six months of 1956. Chrysler Corp. moved up to 19% from 18.8% while General Motors' share fell to 45.1% from 51.9% a year earlier.

The Edsel is Ford's new challenge in the so-called medium-price field, where the company has been handicapped with only Mercury against G.M.'s Pontiac, Buick and Oldsmobile. And though perhaps not originally planned as such, Edsel has become part of Ford's effort to hold its lead over Chrysler Corp., resurgent in both sales and styling after post-World War II stumbling.

Edsel hopes to sell "more than 200,000" cars in the first year. But division officials refuse to be tied down to any more precise sales goals.

Because the auto shopping public's initial response is considered so vital, Edsel executives are planning widespread, complicated and expensive introductory fanfare for the next two months or so—before competitors' publicity crews can do much real plugging of other '58 models.

Who Took the Picture?

Actually, Edsel publicists have been practicing their own version of ecstasism for nearly a year, lifting the veil, an inch at a time, from their new car. A slightly blurred picture of a prototype model was widely printed last March. The picture supposedly was snapped by a youthful interloper at Ford's proving ground and spirited to a United Press office. Some cynics have suggested that, at the very least, such accidents haven't been completely accidental. Fully sanctioned pictures, with distinguishing parts of the car teasingly blocked off, have appeared in a number of magazines.

So there's no big secret about the Edsel's appearance: Basic resemblance to this year's Mercury, though somewhat less flashy and with an overcast, vertical shield-like front grille.

Edsel's publicity men tracked the brains for an original way to preview the car for the press. Haiti showed some real promise as a site for two or three days of living it up in connection with the car's debut, but the island was rejected as too remote.

No Edsel in Edsel

The quest for what publicists term "visibility"—a word usually taken to mean, "What angle will give us another story?"—seemed at an end when someone discovered that in the hills of eastern Kentucky there's a town named Edsel. But there'll be no Edsel in Edsel. An advance scout came back with a discouraging report: The town is accessible only by driving off a road and splashing up a shallow creek. And even then there's little more to Edsel—Ky., that is—than a general store and a post office.

Edsel finally settled on a more conventional two-day introduction at Dearborn, plus showings for the press and invited guests early next week in a number of other cities. The Dearborn session will be marked by at least one innovation, though. Some 75 Edsels will be lined up for visiting newsmen to drive home. But lest anyone think the bounds of propriety are being taxed, let it quickly be noted that the newsmen will turn the cars over to Edsel district managers when they get home.

The apparent idea behind the driveway: Give folks along the road a glimpse of the car a week before it is in dealers' showrooms and perhaps generate a few stories on how the cars ride and perform.

Promotion won't end with the previews, of course.

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What's News—

Business and Finance

LIVING COSTS went up in July for the eleventh straight month. And Government officials were dubious about prospects for nearby relief. Consumer prices climbed last month to 120.8% of the 1947-49 average. This was a 0.5% increase over June. It was 3.2% above July, 1956. Rising food costs were the chief factor in the latest advance. They moved up 1% to a level 0.7% above the previous record high in August, 1952. Federal experts had previously expressed hopes living costs would ease this month. They now say either a "slight increase or a slight decline" is in store for food prices, which make up 30% of the index.

General Motors rejected the proposal of Walter Reuther, head of the United Auto Workers, that the company cut prices of its 1958 models by \$100 from current levels. Manufacturers' selling prices are not "properly the subject of collective bargaining," declared Harlow Curtice, G.M. president. As a counter proposal, he suggested that the U.A.W. agree to extend its present contract, which expires next May 29, for two years without change. Last night, Mr. Reuther declared G.M.'s stand displayed "shocking disregard" of the public welfare.

Federal Reserve Banks in New York and Cleveland raised the fee charged on loans to member banks to 3½%, from 3%. Their action made the 3½% discount rate uniform throughout the Reserve System. There were indications that the New York Bank had not changed its views on the economic outlook which were behind its refusal to go along with the increase in the discount rate two weeks ago. It was believed to have finally acted because of technical problems that arise when discount rates vary.

Custom smelters reduced their price for copper an additional half-cent—to 27½ cents a pound—following a half-cent cut Wednesday. At the same time, the big Belgian Congo copper producer, Union Minière, trimmed its price for the metal by 0.90 cent. This brought its quotation down to 26.80 cents a pound in Antwerp, Belgium and New York.

Building activities were restrained last month by cement shortages, particularly in the eastern and Gulf Coast regions. On a seasonally adjusted basis, the \$4.4 billion of construction put in place was off 2% from June. Government figures showed. The total was practically unchanged from a year ago. Highway construction was especially hard hit by the reduction in supplies of cement stemming from strikes that broke out in late June and lasted for five weeks.

Auto assemblies were stepped up this week despite an almost two-month inventory of new cars in dealers' hands and approaching introduction of 1958 models. Output is indicated at 122,483 cars—an increase of 4.15% over last week and 75% higher than a year ago. General Motors, Ford and Chrysler all expanded their production this week, and American Motors began turning out 1958 Rambler, Nash and Hudson models.

Coal producers ought to be granted greater depletion allowances to finance development of new uses for the fuel. And the Government should provide additional funds for the research program, a House Interior subcommittee recommended after a 15-month study.

Freeport Sulphur Co. arranged to borrow more than \$100 million from banks and large nickel consumers to finance nickel mining facilities in Cuba and a large refinery at Braithwaite, La. The project will provide about 50 million pounds of nickel and 4.4 million pounds of cobalt annually. Free world output of nickel now is about 450 million pounds yearly, of which 80% comes from Canada.

Utica Drop Forge & Tool Co. said it would lay off 100 employees today, and possibly 300 more by late fall, because of cutbacks in Air Force orders. The Utica, N. Y., firm is a division of Kelsey-Hayes Co.

Markets—

Stocks—Volume 1,500,000 shares. Dow-Jones industrials 481.48, off 0.76%; rails 140.48, off 0.56%; utilities 68.09, up 0.01%. London—Financial Times common share index 198.3, up 0.1.

Bonds—Volume \$2,780,000. Dow-Jones 40 bonds 84.98, off 0.22; high grade rails 85.84, up 0.02; speculative rails 83.37, off 0.05; utilities 82.88, off 0.06; industrials 88.09, off 0.17.

Commodities—Dow-Jones futures index 158.41, off 0.23; spot index 161.76, up 0.22.

Earnings—

Quarter	Net Income	Per Share
July 31	282,400	119.373
June 30	209,892	85.909
May 31	209,892	85.909
April 30	209,892	85.909

(Today's Index on Page 2)

World-Wide

HOFFA AND DIO were accused of trying to organize a taxi drivers' union in 1953.

Counsel Robert F. Kennedy of the Senate rackets inquiry asserted recordings of wire-tapped telephone conversations and other evidence "clearly show" the Teamsters Union vice president and New York hoodlum were working together. They plotted a rival cab driver organizing campaign counter to one going on at the time by the Teamsters, according to the recordings.

The committee kept pressing Hoffa to say whether he wanted Dio and his old A.F.L. United Auto Workers brought into the Teamsters. Hoffa testified his best answer was that Dio never came in. But he avoided any flat denial of aiding Dio in trying for a charter.

When Hoffa said his memory was hazy about 1953 talks with Dio, Senator Lyes (R., N. Y.) remarked: "I'll say this for you. You haven't taken the Fifth Amendment, but you're doing a marvelous job of crawling around it."

Kennedy produced newspaper clippings of the same period reporting an income tax indictment against Dio. He allegedly failed to report \$11,000 received for exerting influence to prevent unionization of an Allentown, Pa., plant, which was not identified.

Committee chairman McClellan said he had a report Joe Louis was paid \$2,500 to sit at Hoffa's recent bribery-conspiracy trial for two hours. Said Hoffa: "If he was, he wasn't paid by Hoffa." He was acquitted by a jury of eight Negroes and four white persons.

Louis said in Chicago he "never got 25 cents" for his appearance at the trial. "I don't know why the Senator would make that statement," he added.

Frank W. Brewster, Western boss of the Teamsters, was sentenced to a year in jail and fined \$1,000 for contempt of court. He refused to provide answers to a series of questions before the Senate investigations subcommittee in January.

In New York, Dio and his henchman, Teddy Ray, pleaded innocent in Federal court to charges of income tax evasion.

DEMOCRATS said they will consider a civil rights accord based on a G.O.P. plan. House Speaker Rayburn said his party is giving the Republican proposal, endorsed by Eisenhower, serious consideration, but "that doesn't mean we are going to accept it." He added Democrats might accept another compromise, but he didn't elaborate on that point.

Major points of the G.O.P. plan limit the attorney general's authority to bring Federal injunctions to right-to-voice cases; restrict a guarantee of jury trials in contempt cases to voting rights situations only; provide for jury trials only in voting rights cases involving more than \$500 fine or 90 days in jail.

G.O.P. leaders reportedly are willing to meet Democrats halfway on a compromise, improving chances the stalled civil rights bill soon may be approved by Congress.

THE U. S. AUTHORIZED 24 newsmen to go to Red China for a seven-month period.

If China permits their entry, the action would lift an eight-year ban. The State Department indicated the results of the experiment may stay longer and if other newsmen will be allowed to go later.

The State Department emphasized it won't allow Red Chinese reporters to come to the U. S. in return and that its decision doesn't change basic U. S. policy toward Red China. This policy includes non-recognition of the Peiping government; prohibition of all trade; a general ban on travel. Forty-one American youths who defied a State Department warning are due in Peiping today on a trip from Moscow.

Radio Moscow rejected, in effect, Eisenhower's new conditional proposals for a two-year ban of nuclear tests. The broadcast asserted they "add nothing to the former unconstructive attitude of the Western powers" and only confuse the disarmament problem. Radio Moscow insisted there must be an accord on halting tests unconditionally.

The U. S. has asked Russia to let the World Court adjudge an American claim for damages in the shooting down of a U. S. Navy plane by Soviet fighters in 1954. An ensign was killed and nine other crewmen rescued in the incident over the Sea of Japan. U. S. damage claims total \$1,355,850.

Senate Democratic Leader Johnson, answering Eisenhower's charge that the Democratic-controlled Congress has failed to act on many of his recommendations, said the President's political advisers "have got him jumping the gun" on 1958 campaigning. "It looks to me," Johnson added, "as though some of these advisers are getting frantic" about G.O.P. prospects in next year's Congressional election.

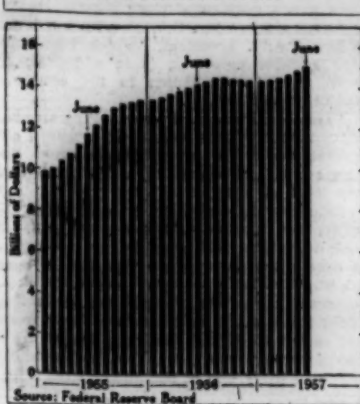
A Syrian foreign ministry official said his nation is not swerving from its policy of positive neutrality and non-alignment with any bloc. He rejected Eisenhower's statement that Syria is turning pro-Soviet and accused the President of "spreading false information."

The Senate Armed Services Committee rejected "without prejudice" the nomination of film actor James Stewart for promotion to brigadier general in the Air Force reserve. Sen. Smith (R., Me.) had strongly objected to it on the ground he had not been active enough in the reserve to warrant promotion.

A Coast Guard amphibious plane crashed and burned on takeoff from Floyd Bennett Field. Four of the six crewmen aboard the twin-engine Grumman Albatross were killed.

Ceylon Prime Minister Bandaranaike said the newly-named U. S. ambassador to his nation, Maxwell Gluck, shouldn't be embarrassed about pronunciation of names; "I can't pronounce his either." The Prime Minister said he doesn't know whether it rhymes with Dick or duck, but he hopes it's not the latter "because that rhymes with cluck." (It does rhyme with duck—and cluck.)

Cars and Credit



THE LARGEST monthly increase since September, 1955, was recorded in outstanding automobile installment credit during June. The \$240 million jump compared with an increase of \$196 million in June last year. The latest gain pushed the amount owed to \$15.1 billion at the end of June, an increase of \$837 million from a year earlier.

Sterling Drug Claims Drug for Malaria Aids Rheumatoid Arthritis

Physician Says Aralen Helped 71% Of Cases, Acted on Disease, Not Just Its Symptoms

By a WALL STREET JOURNAL Staff Reporter

NEW YORK—Winthrop Laboratories, subsidiary of Sterling Drug, Inc., is announcing to the medical profession that its drug, Aralen, chemically termed chloroquine, used in the treatment of malaria, has been found to "effectively and safely suppress rheumatoid arthritis."

The decision to recommend the drug for this use followed the presentation of a series of scientific papers on Aralen delivered at the recent congress on rheumatic diseases in Toronto, Canada, which discussed a number of clinical tests of the drug in treating arthritis.

Dr. Arthur W. Bagnall of Vancouver, B. C., reports continuous use of the drug produced "excellent results" in 71% of 125 patients he treated. He said the disease had apparently been "suppressed" in half of these patients. He added that prolonged Aralen treatment seems to act on the disease itself rather than only on the inflammatory symptoms. Drugs of the cortisone type now used to treat arthritis apparently do not act on the disease itself. Aralen does not produce early dramatic results and it takes some weeks for the effects to be apparent, he said.

He said that "serious toxicity was not encountered with Aralen." Skin rash, however, was an occasional minor reaction.

An Oregon research team headed by Dr. Robert E. Rinehart reports 58% of 24 patients given the Aralen treatment improved during the first month and 83% during the second month. Aralen was first made synthetically at the Sterling-Winthrop Research Institute in 1944 as an improvement over atabrine, also made by Winthrop and used to treat malaria.

Dr. Theodore G. Klumpp, president of Winthrop, said the company is able to produce 150 million tablets in the next six months and could double this output if demand warrants.

House Committee Says Coal Industry Is 'Sick,' Needs Government Help

By a WALL STREET JOURNAL Staff Reporter

WASHINGTON—A House Interior subcommittee said the coal industry is "sick" and needs a shot in the arm from Uncle Sam.

In a report based on a 15-month study, the panel recommended as remedies tax breaks and a Federal program to develop new uses for coal.

The subcommittee said its investigation showed "an over-all picture of economic ills, widespread mine shutdowns, staggering unemployment among coal miners and an uphill struggle for survival."

Coal reserves can last an estimated several hundred years, the report said, and are "this nation's greatest mineral resource available for immediate development and use."

The group recommended depletion allowance rates for the bituminous coal and anthracite industries be changed "to provide additional reserves to the industry for use in research engineering and proving ground operations."

In addition, the report called for an independent coal research and development commission to be set up by the President to work with the Interior Department in establishing "a broad gauged research program to develop new uses for coal, improve and expand existing uses, reduce costs of coal production and distribution and emphasize uses and developments of particular value to smaller coal producers."

Several subcommittee members said they will introduce legislation next session to carry out the report's recommendations.

WASHINGTON—The National Coal Association estimated soft coal production in the week ended August 17 at 9,595,000 tons compared with 9,960,000 the previous week and 9,758,000 a year earlier.

This year's output through August 17 was estimated at 308,969,000 tons compared with 308,008,000 in the like span of 1956.

Washington Wire

A Special Weekly Report From The Wall Street Journal's Capital Bureau

NIXON FIGURES backing Knowland in '58 will help Nixon in 1960.

The Vice President discounts Knowland as a threat even if the Senator becomes California's governor. Nixon decides G.O.P. "liberals" will pick the next Presidential candidate. But he wants to stay on good terms with Republican conservatives. He reasons opposing Knowland would alienate them. Backing Goody Knight would make Nixon look selfish. Nixon lieutenants in California get the word to go all-out for Knowland over Knight. The Vice President himself will publicly back Knowland later. Nixon-Knowland men still hope to persuade Knight to run for the Senate, leaving Knowland a clear track to the Governor's office. Mrs. Knowland confides she expects him to run, though he remains cagey.

Nixon's friend, Rep. Pat Hillings, probably will seek Knowland's Senate seat if Knight doesn't. Hillings plans to canvass California, size up his chances after Congress quits.

HOFFA PLANS

 to shake up the Teamsters' command if he wins the presidency.

The union strong man will give his pals new power. Warehouse boss Harold Gibbons of St. Louis will become assistant to the president, at the least. Hoffa will push New Yorker John O'Rourke for a vice presidency. Southern chief Dusty Miller will likely win an executive board seat. Michigan's Bert Brennan promises to succeed Hoffa as Midwest leader.

Hoffa aims to force his foes out of strategic jobs. New York's Tom Hickey will lose his vice presidency if Hoffa has his way. Beck's aide Elmer Mohn will move down, maybe out. Hoffa hankers to oust West Coast boss Frank Brewster from national office; even if he appeals and escapes yesterday's jail sentence. Brewster's departure would help meet A.F.L.-C.I.O. cleanup demands.

Hoffa plans to reward his backers among Teamster chiefs. Secretary-Treasurer John Smith plans to run for reelection on the Hoffa ticket. English probably will get broader financial power in a new regime.

TAX RELIEF

 for everyone looks likely if budget surplus permits.

Administration, Congressional policymakers lean to widespread reductions. Individuals, corporations in all brackets would benefit. Some excises would drop. Tax-writers agree on cutting rates for high-income individuals, too. Some lawmakers prefer increased personal exemptions.

Relief for business will be slim. Tax-drafters consider shaving the top corporate rate from 32% to 30%. Treasury, House experts oppose rate cuts for small business alone. Technical relief seems surer. The Treasury hangs back on sweeping excise reduction. Candidates for cuts: The freight tax, some retail excises.

Congress considers making lower taxes effective July 1 next year. Some lawmakers talk of enacting standby reductions taking effect only if budget cuts go deep enough.

RESTLESS LAWMAKERS

 itch to quit. Senate leaders stall on foreign aid appropriations to help hold legislators in town. Some already leave. Congress experts fear they won't be able to get a quorum after Labor Day if the session drags on that long.

SOUTHERNERS SPLIT

 on civil rights strategy. Dixie Democrats in the Senate fear "liberals" will ram a drastic bill through Congress in 1958 if no measure passes now. They tacitly back a compromise. Some House Southerners hold out against any civil rights action. Dixie Senators urge House hold-outs to soften their stand.

TRUSTBUSTERS

 MULL ways to force DuPont to unload its General Motors stock. They'll decide this fall. Officials fear sudden sale would depress the stock market. They question the advisability of a distribution to DuPont stockholders. Putting DuPont's G.M. holdings in trust remains under study. Antitrust hints they'd welcome out-of-court settlement.

HIGHER RATES

 for truckers look all but automatic. Truck lines draft rate pleas expected to parallel the rail freight increases just granted. The I.C.C. probably will okay truckers' plans. The commission aims to equalize competition between the carriers.

FINAL DECISION

 on pay television will likely come from Congress. Federal Communications Commission action on a broadcast toll-TV tryout won't take effect before early 1958, when the lawmakers will be back in session. Legislators challenging F.C.C. power will insist on Congressional review of the commission's ruling. One Senator pushes a bill to outlaw pay TV.

U. S. DIPLOMATS

 bank on Egypt, Turkey to help block Syria's slide to the Reds.

Officials figure Middle East neighbors' influence on Syrian moderates holds the best chance of stopping the drift. "We have reason to believe Nasser's worried by Syria," confides a Dulles aide. Diplomats rate the Egyptian boss a trouble-making opportunist, not a real Red. They contend he realizes Soviet domination of the Middle East would steal his power.

Watch for veiled threats to Syria from strongly anti-Communist Turkey, words of caution from Jordan, Iraq. Nasser refuses to tip his hand so far on tactics toward Syria. U. S. diplomats stick by their strong stand in dealing with Nasser. The U. S. refuses to sell Egypt grain on easy terms, blocks Egyptian government assets in this country.

The Syrian coup boosts chances for the proposed Iraq-Turkey oil pipeline avoiding Syria. The Red threat emphasizes to hesitant Iraq the need for an alternative oil route. But officials say construction is still far off.

MINOR MEMOS:

 Illinois' Sen. Dirksen sews up Knowland's job as Republican Senate leader when the Californian quits to run for California's governorship. . . . National Bureau of Standards scientists refused to admit defeat when a letter writer sought "standards for a gentleman," quickly whipped up an answering essay. . . . F.T.C. plans to poll the public on its impressions of health "benefits" of cigaret filters; results could lead to closer scrutiny of cigaret ads.

Borrowing Costs

Latest Rise Brings New Expansion Cuts, Some Concern Over Future

Harbison-Walker Reviews Its Plans; California Bank Says Uncertainty Grows

But Many Firms Push Ahead

A WALL STREET JOURNAL News Roundup

Buck Creek Cotton Mills, Inc., a few days ago postponed a \$365,000 expansion of its Valley Mill at Columbiana, Ala.

Reason: The high cost of borrowed money.

A growing number of American manufacturers have paused to re-examine inventory and expansion plans in the wake of this month's latest increase in bank interest rates on business loans. And, as money tightens, many businessmen are becoming a bit less optimistic about the economic outlook.

Those were the major findings of a Wall Street Journal survey of manufacturers and bankers in 15 major cities around the U. S. New York City banks earlier this month raised their "prime" rate—the fee charged borrowers with the highest credit ratings—to 4½% from 4%; rates charged other borrowers are scaled upward from the prime rate. The New York increase quickly spread to banks in other cities, and also has been reflected in higher bond market borrowing costs.

The Glow Dims

Most businessmen still remain optimistic. But many will admit the outlook doesn't glow quite as brightly as it did before the latest borrowing cost rise. Tight money isn't the only factor worrying businessmen, of course. Also causing concern are the recent stock market decline, lower profits and slower sales in some industries and defense spending cutbacks.

H. E. Humphreys, Jr., chairman of big United States Rubber Co., is one manufacturer who is a bit less cheerful. Why? He believes business is "running out of its life blood, which is capital."

"Higher interest rates are bound to slow things down," says Lawrence Mock, treasurer of Harbison-Walker Refractories Co. of Pittsburgh. "The net result will be to hold the boom in check. But I can't see that capital expenditures will evaporate because of this."

Several bankers report businessmen seem somewhat more uncertain about the future than they were a few weeks ago. "Business people are hesitating a bit more these days," says Frank L. King, president of the California Bank of Los Angeles. "People ask, 'What do you think of business? Is it really slowing up?'"

Loan Demand Eases

One reflection of such uncertainty may be the current slower demand for bank credit. Business loans at major New York City banks, for example, have decreased by \$168 million since mid-year, compared with a rise of \$134 million a year ago.

Even with the latest interest rate increase, many companies are pushing ahead with expansion plans, convinced that the resulting profits will more than offset the higher cost of money.

But Buck Creek Cotton Mills certainly isn't the only cutback-minded concern.

A Philadelphia electronics manufacturer was planning to build a new office building and plant. Looking around for financing, the company found "the rates were so stiff we decided to hold off for a year or two," a spokesman says.

"A Matter of Deferral"

Harbison-Walker is reviewing its capital expenditures "even more closely," according to Treasurer Mock. Elimination of projects is not contemplated, he says, adding: "It's more a matter of deferral of some things, until money becomes available through earnings or interest rates go down."

Many businessmen were encouraged by Federal Reserve Board Chairman Martin's statement before the Senate Finance Committee this week that interest rates soon may stabilize and perhaps even decline. The Reserve System for more than two years has been trying to clamp down expansion of the credit supply by refusing to supply the banks with sufficient funds to meet all business demands for credit.

Unless interest rates level off or decline soon, many businessmen say as yet untouched by tight money expect to be affected.

"There hasn't been any effect on our projects yet," says Clyde Gillespie, assistant secretary-treasurer of Pittsburgh's Fifth Sterling, Inc., maker of tool steels and other special alloy steels. "But eventually we'll all be affected."

Some Utilities Finched

Regulated public utilities, such as telephone and electric power companies, as a general rule, simply pass along the impact of higher borrowing costs to their customers in the form of rate increases. But when rate increase requests are scaled down by regulatory commissions, as they sometimes are, even a public utility can be squeezed by tight money.

For example, Michigan Bell Telephone Co. earlier this month asked the state regulatory commission to okay a \$12.5 million-a-year rate boost. The commission approved a boost of only \$2.8 million. "Our construction programs are pretty much booked for the rest of the year," says R. E. Driver, vice president and controller, "but in 1958 we'll undoubtedly be required to take a tighter look at our expenditure program."

In addition to holding back on expansion, many businessmen are striving to conserve cash by watching inventories more closely and in other ways.

"Because of the recent increases in the cost of money, our inventory borrowing is about \$750,000 less than last year at this time," reports David Laffer, financial vice president of White Stag Manufacturing Co., Portland, Ore., sports clothes maker. White Stag also

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## Curtice Snubs Reuther Plan to Cut '58 Car Prices \$100, But Has Own Proposal: Extend Wage Pacts 2 Years

### He Says What GM Charges For Its Products Isn't a Proper Bargaining Subject

By a WALL STREET JOURNAL Staff Reporter

DETROIT—Harlow Curtice, president of General Motors Corp., in effect turned down the proposal of Walter P. Reuther, president of the A.F.L.-C.I.O. United Auto Workers, that the company cut factory prices of its 1958 models by \$100 from current levels.

Although he did not specifically mention Mr. Reuther's request, Mr. Curtice restated G.M.'s position that "prices of its products were not properly the subject of collective bargaining."

Instead, Mr. Curtice had a counter-proposal: The Auto Workers, he said, should immediately announce its willingness to extend its present G.M. contract intact for the next two years beyond its expiration date next May 29—continuing the wage formula which relates wages to national productivity gains and to the cost-of-living.

In Detroit, Mr. Reuther assailed what he called GM's "arbitrary rejection" of his proposal, the Associated Press reported. However, he made no reference to Mr. Curtice's proposal for an extension of the UAW contract. In his statement Mr. Reuther said: "By its refusal, GM has demonstrated a shocking disregard for the welfare of the American buying public."

Mr. Reuther proposed in letters last week-end to G.M., Ford Motor Co. and Chrysler Corp. that the "big three" auto makers trim their

prices and promised the union would soften its demands in bargaining on new labor contracts next year.

The move was considered, among other things, to indicate a change in the union's previously tough attitude toward the coming talks. It has been expected the U.A.W. would push its already-announced drive for a shorter work week plus a substantial wage boost.

"Your union," Mr. Curtice said in a letter to the U.A.W. president, "which represents over 1,500,000 employees, is in a position to make a real contribution to the economic stability in our country."

"This could be done by announcing a sound policy regarding 1958 collective bargaining objectives instead of publicizing excessive demands which, if agreed to, could not fail to feed the fires of inflation."

Referring to the price question more directly, Mr. Curtice said that wage rates of G.M. employees have gone up by more than 11 cents an hour since the 1957 models were priced. Five cents of this amount, he said, represents cost-of-living adjustments reflecting added inflation. He added that costs of goods and services bought by General Motors have also gone up appreciably, "yet we have not increased the prices of our automobiles."

### Profit Factor Not Significant

Mr. Curtice appeared to be unimpressed by Mr. Reuther's offer to "consider" the impact of lower prices on the auto makers' profit structure and to lower bargaining demands accordingly.

Even if the union should substantially reduce its "indicated" demands which include "the biggest wage increase in the history of the union," Mr. Curtice said, "they would, if

agreed to, still represent a major increase in our wage and benefit costs. Such cost increases throughout our economy, to the extent that they exceed productivity gains, would produce still greater inflationary pressure."

The General Motors president concluded, therefore, that the U.A.W. proposal is "another publicity maneuver designed to divert public attention from the inflationary implications of your announced 1958 bargaining objectives in the automobile industry."

Extension of the present contract, Mr. Curtice told Mr. Reuther, would have "a most constructive effect, even beyond our industry. It would allay fears of costly strikes. It would encourage personal savings. It would enable your members and our employees to plan with greater certainty for the future."

"To Resist Inflationary Pressures"

"These are elements of stability which would help counter inflationary pressures. For our part, we would continue to do all in our power to resist inflationary pressure and promote stability."

The G.M. chief executive called the wage formula of the present contract "neither inflationary or deflationary." It provides for a cost-of-living allowance adjusted quarterly to protect the buying power of an hour's work by a G.M. employee, he said, and annual improvement factor wage increases to improve the buying power of an hour's work to assure employees of an improving standard of living.

The best economic policy of the nation, Mr. Curtice contended, is to relate wages "as closely as possible to productivity gains of the country. This is the way to stable price level and a sound dollar."

## Auto Makers Increase Output This Week 4.15% to 122,483 Cars

By a WALL STREET JOURNAL Staff Reporter

DETROIT—Despite an almost two-month inventory in dealers' hands and the approaching introduction of 1958 models, U. S. auto producers this week will hike production to an estimated 122,483 cars.

This is an increase of 4.15% over last week's output of 117,592 and a jump of about 75% over the 69,942 cars produced in the like year-ago week. Last year at this time, almost half the producers were down for model changeovers.

Each of the Big Three producers scheduled boosts in output this week over last week's production, and American Motors Corp. began turning out 1958 Rambler, Nash and Hudson passenger cars. Scheduled to be built this week are 180 Ramblers, 45 Hudsons and 105 Nash autos.

Other 1958 cars now are being assembled by Ford Motor Co.'s Lincoln and Edsel divisions. Studebaker-Packard Corp., down this week for model changeover, is scheduled to begin producing 1958's Monday, after a shutdown of only one week.

Cadillac division of General Motors Corp. cut output last week below scheduled production to permit test assembly of 1958 models. This week, 42,940 current models are scheduled to roll off assembly lines, compared with 2,700 last week. A spokesman indicated the plant may close today to permit more pilot assembly of 1958 models.

Three plants of the Ford Division are scheduled to work tomorrow while all others will

work five days this week. Production will rise to 28,941, only slightly above last week's total of 28,408. Working tomorrow will be Ford plants in Buffalo, N. Y., Chester, Pa., and Kansas City, Mo.

All Mercury plants will work five days this week, boosting production to a scheduled 5,473 cars. Last week when the St. Louis plant was shut down for the week and the Metuchen, N. J., plant for one day, only 3,698 cars were assembled.

Lincoln will boost production of its 1958 models this week to an estimated 320 cars over last week's 283. Also producing 1958 models is Ford's Edsel division, building an estimated 16,918 cars since it began production about five weeks ago.

Assembly of Buick, Pontiac and Oldsmobile cars this week is scheduled at 21,059 cars despite four-day schedules at Buick, Pontiac and Oldsmobile plants in Framingham, Mass., and Wilmington, Del. Last week 20,159 were built.

With all Chrysler division plants working a scheduled five days this week, that make will turn out a total of 26,600 cars compared with 25,696 last week.

Industry output for the year totals 4,274,230 cars, up almost 7% over the comparable year-ago period when 3,981,501 cars were assembled.

|            | This Week                                                  | Last Week | Yr. Ago | 1957      | 1956      |
|------------|------------------------------------------------------------|-----------|---------|-----------|-----------|
| Chevrolet  | 32,100                                                     | 31,520    | 30,790  | 1,036,316 | 1,194,767 |
| Ford       | 28,941                                                     | 28,408    | 27,943  | 1,045,715 | 882,376   |
| Pontiac    | 15,700                                                     | 15,135    | 14,343  | 490,602   | 315,953   |
| Buick      | 7,113                                                      | 6,878     | 6,963   | 286,051   | 295,482   |
| Pontiac    | 6,900                                                      | 6,684     | 6,801   | 247,599   | 213,975   |
| Oldsmobile | 6,448                                                      | 6,397     | 6,079   | 277,863   | 313,083   |
| Dodge      | 5,698                                                      | 5,534     | 5,215   | 213,615   | 135,146   |
| Mercury    | 5,473                                                      | 3,698     | 4,540   | 208,715   | 180,497   |
| Edsel      | 4,300                                                      | 4,291     | 0       | 16,918    | 0         |
| Cadillac   | 2,580                                                      | 2,700     | 2,200   | 109,254   | 107,560   |
| DeSoto     | 2,430                                                      | 2,438     | 1,796   | 86,615    | 69,094    |
| Chrysler   | 2,300                                                      | 1,875     | 61      | 88,967    | 72,420    |
| Imperial   | 530                                                        | 530       | 0       | 59,589    | 6,448     |
| Lincoln    | 320                                                        | 283       | 196     | 24,497    | 32,213    |
| Rambler    | 180                                                        | 0         | 0       | 34,447    | 51,523    |
| Nash       | 105                                                        | 0         | 0       | 1,450     | 10,380    |
| Hudson     | 45                                                         | 0         | 0       | 1,389     | 4,334     |
| Studebaker | 0                                                          | 823       | 0       | 40,220    | 53,785    |
| Packard    | 0                                                          | 0         | 0       | 6,118     | 12,875    |
| Totals     | 122,483                                                    | 117,592   | 89,943  | 4,274,230 | 3,981,501 |
| Revised    | Totals include 428 Continentals in 1957 and 1,128 in 1956. |           |         |           |           |

### Senate Votes to Exempt Some Rail Practices From Antitrust Laws

By a WALL STREET JOURNAL Staff Reporter

WASHINGTON—The Senate sent to the White House a bill that would exempt from antitrust laws certain railroad practices in contracting to haul Government personnel and freight at reduced rates.

Passage came by a voice vote shortly after the lawmakers rejected a move by Sen. Keftauver (D., Tenn.) to delay any action on the measure until next January 30.

The bill, worked out by House-Senate conferees, would not affect a \$45 million damage suit filed by non-scheduled airlines against 42 railroads for such practices in the past. But it would make these legal from now on.

The airlines charged the railroads banded together in offering cut-rate deals with the Government in an effort to shut out airline competition. A district court judge in Washington held last month the practice of arriving at a rate by agreement violated the antitrust laws.

The bill also requires all reduced rate agreements with the Defense Department to be made public whenever security isn't involved.

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Pan Am Gets Mid-Atlantic Route From U. S. to Europe

WASHINGTON—President Eisenhower gave permission to Pan American World Airways to become the first U. S. carrier to fly the mid-Atlantic route between this country and Europe.

His action, approving a unanimous vote of the Civil Aeronautics Board, allows Pan Am to fly the mid-Atlantic route to Europe with stops at Miami, San Juan, the Azores, Lisbon,

Madrid, Paris and Frankfurt. Similar service is presently provided between Puerto Rico and Europe by Iberia, the Spanish National Airlines.

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## Senate Investigators Query Hoffa Again on Charge He Took Dio's Part Against New York Teamster Local

He Says He "Can't Recall" on Wiretapped Talks; Hotel Bill List Re-examined

By a WALL STREET JOURNAL Staff Reporter  
WASHINGTON—Senate investigators played James R. Hoffa's recorded voice back at him again in an attempt to "refresh his memory" on alleged tie-ups with racketeer Johnny Dio. But all they got from the Teamster vice president were incomplete recollections, which did not square with what the Special Senate Investigating Committee said the evidence showed.

The evidence in a series of recordings of the wire-tapped phone conversations between Mr. Hoffa and Dio and other Teamsters Union figures from March to May, 1953, showed that Mr. Hoffa was busily defending Dio's efforts to organize New York taxi drivers into Local 102 of the old A.F.L. United Auto Workers and was actually taking Dio's part to oppose officials and locals in Mr. Hoffa's own Teamsters Union, the investigators showed. They also claimed that the recordings showed that Mr. Hoffa was pursuing a goal of getting Dio into the Teamsters Union.

The Teamster chief never flatly denied he tried to pull Dio into the Teamsters. "I can't say that Dio was working with me to get a charter because he never got a (Teamster) charter," he finally said.

### Hesitant on Answers

For the first time in his three days of testimony, the man who is the front runner to take over the Teamster Union presidency, which Dave Beck is to relinquish in the fall, was hesitant in answering questions. His voice seemed to lose some of its confidence and his explanations rambled.

Frequently, he answered only: "I can't recall... I don't recall" as committee counsel Robert Kennedy pressed for answers.

"Sen. Ives commented on what a good memory you have," Mr. Kennedy remarked. "It amazes me that you have such a poor memory on Dio."

"I can't recall those conversations as such," Mr. Hoffa replied.

Mr. Ives (R., N. Y.) issued a statement yesterday claiming press reports that he had said he might not always agree with Hoffa, "but I want to tell you I think you're honest," were not entirely accurate. Mr. Ives stated he also told Mr. Hoffa: "We'll know more about that when we start questioning you about Dio." The Senator said he was not passing judgment on Mr. Hoffa's honesty or lack of honesty and that while his memory is "very remarkable," he also seems to have "an extremely convenient forgettery."

During the hearing, Mr. Ives told Mr. Hoffa, "I do think you're honest in one sense. I think you keep your word. But the rest of your honesty is being tested right now."

"I recognize it," Mr. Hoffa said. "I give you this much," Sen. Ives said, "you haven't taken the Fifth—but you're doing a marvelous job of crawling around it."

Counsel Kennedy then asserted that of 48 questions on Dio, Mr. Hoffa had been "equivocal" and on 24 others he "couldn't or wouldn't recall."

Mr. Kennedy questioned the witness with much more vigor than he had shown before.

"Mr. Hoffa, you are being very evasive," he said, after failing to get a flat enough answer to suit him at one point. "You are not answering the question, you are giving a speech."

### Hotel Bill List Re-examined

The committee also went back over a list of hotel bills it says were charged to the Teamsters Union during the trial of Mr. Hoffa that ended in acquittal on charges of trying to buy information on committee activities. The bills were introduced in the hearing Wednesday and were run up, staff investigator Carmine Bellino testified, mostly by Teamster Union officials who are friends of Mr. Hoffa. Included in the list was a hotel bill for Joe Louis, former heavyweight champion, who appeared at the trial. Mr. Bellino said various Teamster local unions have paid about \$5,100 of the nearly \$9,000 total charged to the union.

"We have a report that Louis was paid \$2,500 for sitting in the courtroom for two

### Brewster Draws One-Year Sentence in Contempt Case

By a WALL STREET JOURNAL Staff Reporter  
WASHINGTON—Western Teamster Boss Frank W. Brewster drew the maximum sentence yesterday for contempt of Congress.

Federal District Judge John Sirica imposed the penalty—a year in jail and a \$1,000 fine—as he rejected a plea by the truck union official's attorney for probation. However, the judge allowed him to remain free on \$1,000 bail pending the outcome of an appeal.

Mr. Brewster, head of the 11-state Teamsters' Western Conference, was convicted last June for refusing to produce records and answer questions before the Senate Investigations subcommittee in January. This permanent panel is a different group from the Special Senate Committee that's headed by Sen. McClellan (D., Ark.). Mr. Brewster did testify later before the latter group.

He told Judge Sirica yesterday he didn't cooperate with the investigations subcommittee because he did not believe, and still does not believe, it has the authority to investigate internal affairs of labor unions.

Chairman McClellan (D., Ark.) said, "If he was paid \$2,500 he was not paid by Hoffa," the Teamster official snapped back. "I know nothing about it."

Mr. McClellan later told the hearing he had received an affidavit from Mr. Louis denying anyone had given him \$2,500.

(The Associated Press quoted Mr. Louis in Chicago as saying "I didn't get twenty-five nothing." He said he had known Mr. Hoffa 10 or 12 years and went to the trial expecting to be called as a character witness. "I wish I had \$2,500," he was quoted as commenting.)

The committee played the recording of the phone conversation between Mr. Hoffa and Dio, over the witness' lawyer's objections, asserting that the talk took place after the A.F.L. had declared that Dio's U.I.W. Local 102 was operated by persons with an "unsavory background" and was operating outside its jurisdiction. The A.F.L. had ordered that the Dio local's charter be revoked.

### Talks With Beck Noted

In the conversation, Mr. Hoffa spoke of his talks with Teamster President Beck, apparently on the subject of Dio. He also told Dio that "when it comes up... we'll be there to defeat it." Mr. Hoffa added he had talked to Teamster Vice President Tom Hickey in New York and there would be "no more interference at where you're having elections or anything else if you'll just let him know where."

After the recording was played, Mr. Kennedy asked if it refreshed Mr. Hoffa's memory. The witness replied "not necessarily."

The counsel commented that apparently Mr. Hoffa was opposing the A.F.L.'s position on Dio. In reply, Mr. Hoffa explained at length that he was trying to get the U.A.W.'s taxi organizing set-up into the Teamsters and asked "how could that be if I were trying to get the taxi out of the U.A.W. and into the Teamsters?" He added he just didn't recall the circumstances of the phone conversation.

Mr. Kennedy said the conversation showed Mr. Hoffa was in opposition to the cab organizing efforts of the Teamsters. The counsel also read a lengthy list of Dio's brushes with the law and asked Mr. Hoffa if he knew about this. The witness said he made no investigation of Dio, because he had no reason to do so, but later said he did find out that Dio had been in some trouble.

### Hoffa's Explanations

Several times during his testimony, Mr. Hoffa seemed to be contradicting himself, but came up with an explanation when such conflicts were cited. During discussion of one wiretap, he said the Teamsters had no local union organizing cab drivers while Dio was rounding up hackers for the U.A.W. When it was noted a wiretap yesterday apparently indicated Teamster Local 807, headed by John Strong, was actually competing with Dio, Mr. Hoffa quickly said: "That doesn't mean John Strong had the right to organize cab drivers."

His charter didn't give him that right."

Mr. Kennedy read a newspaper account of an indictment against Dio for allegedly receiving \$11,000 in 1951 as a payoff for preventing an unidentified Allentown, Pa., dress plant from being organized by a New York union. Mr. Kennedy said to Mr. Hoffa, "You're trying to tell us that a man who would do that would spend lots of money on a U.A.W. organization that he was going to lose anyhow and get nothing out of it himself? That doesn't make sense, Mr. Hoffa."

The counsel asked, "Did you know that Dio was convicted of extortion and sent to Sing Sing, that he hired people with police records, that he was denounced by the New York district attorney and the A.F.L.—did you know all this while you were meeting with him?"

To this Mr. Hoffa replied, "You meet with all kinds of people who can negotiate with you. You meet these people at any hour to complete negotiations."

### Guests and "Observers"

In the questioning on hotel bills, Mr. Hoffa said some of the people who were guests of the Teamsters were there on business and some were "observers."

"Who were they observing?" Mr. Kennedy asked. Mr. Hoffa replied: "Myself." He said his own union had voted to spend the necessary funds for his defense and for his expenses in connection with the trial, although he was paying his personal lawyer's bill.

Mr. Kennedy brought up the matter of the \$1,400 bill run up by one Barney Baker, who was described to the committee Wednesday as a "hoodlum and union goon." Although Mr. Kennedy recited a lengthy police record on Mr. Baker, Mr. Hoffa said he didn't know anything about the man except that he had done "constructive" work for the union.

Mr. Hoffa said many of the people were there to consult with him on union business. He added he thought their transportation also was paid by the various unions.

"What was Hurst doing up here?" Mr. Kennedy asked. He referred to C. Byrum Hurst, whom Mr. Bellino identified Wednesday as a law associate of the brother of the judge in the Hoffa trial.

Yesterday, however, Mr. McClellan said he had a statement from Mr. Hurst denying he had been associated with the judge's brother, and the chairman ordered that the record should show Mr. Hurst was not an associate of the judge's brother.

Mr. Hoffa said his lawyer, George S. Fitzgerald, could answer that question better than he. The witness said he thought Mr. Hurst was there to consult with Mr. Fitzgerald. "That's the best answer I can give you."

Mr. Hoffa testified "some" of Mr. Hurst's expenses "were paid" but no fee has been arrived at for his services. He was not clear on just who paid the expenses.

Mr. Fitzgerald said at the hearing Mr. Hurst was retained by him and had not been paid anything by the union yet. Mr. Hurst, Mr. Fitzgerald said, had remarked that he wanted his expenses paid for the trip; that Mr. Hurst paid part of his bill at the Woodner Hotel but there was "another bill" still not paid. He did not identify the other bill.

Asked if he expected to pay Mr. Hurst, Mr. Fitzgerald said he might, but added that Mr. Hurst was "very touchy" on the subject. "If he wants a fee, he'll be paid," Mr. Fitzgerald said. Asked by Mr. McClellan if union funds would be used, the lawyer answered he didn't know whether Mr. Hurst would accept union funds.

"I think I will pay him," Mr. Fitzgerald said. He added that he did not think that he, Mr. Fitzgerald, would pass the bill on to the union in this case.

Mr. Fitzgerald also said he did not know who Mr. Hurst's law associates were, but he was "quite sure there won't be any union funds in payment of his fee."

On the matter of Joe Louis, Mr. Hoffa said yesterday he thought Staff Investigator Bellino had explained the situation Wednesday; that he had heard someone paid Mr. Louis' hotel bill and that that person was reimbursed. But he conceded he did not know that for a fact.

Mr. Hoffa said he could not explain why Mr. Louis was there. He said he thought it might have been as a character witness, but probably was more friendship than anything else. "Exactly what he was doing here I don't know."

### Senate Approves Equipment Trust Program for Airlines

WASHINGTON—The Senate passed and sent to the White House legislation aimed at making it easier for airlines to raise money to buy new planes through equipment trust certificates.

The bill gives airlines the same equipment trust treatment now afforded railroads. Under it, airlines may issue the certificates with a flat guarantee that holders could repossess the equipment immediately during a reorganization or bankruptcy proceeding.

At present, a reorganization court has the power to hold up repossession of airline equipment.

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## Dio Pleads Innocent To Charge of Federal Income Tax Evasion

NEW YORK—(AP)—Johnny Dio, a central figure in the Senate inquiry into labor rackets, pleaded innocent in Federal District Court to a charge of evading \$20,189 in income taxes.

Theodore Ray, described by the prosecution as his bodyguard, also pleaded innocent to charges of evading taxes of \$407.

Dio, who has served a prison term for extortion, previously appeared before the committee but pleaded the Fifth Amendment in reply to practically all questions.

Appearing before Judge William B. Herlands, Dio appeared fidgety as the charge against him was read. The alleged tax evasion was for the years 1950 through 1952.

Judge Herlands scheduled October 7 for the setting of a trial date. Dio, convicted in New York General Sessions Court last month of bribery charges in a labor case, is confined to city prison awaiting sentence on that charge September 5.

While no bail was set in Dio's case, Ray was continued in \$15,000 bail and allowed to remain free pending trial.

## Steel Union Economist Says Industry's Profit Margins Are Widening

By a WALL STREET JOURNAL Staff Reporter  
WASHINGTON—United Steelworkers Union Economist Otis Brubaker charged steel industry profits were "exorbitant" because producers raised prices far beyond what was called for by increased costs.

Continuing his attack on steel industry price practices for the third day, the union official said steel profit margins this year were headed for new highs. He told Congress this forecast did not take into account the July 1 price increase which, he said, would widen the margins even further.

Mr. Brubaker, answering questions before a Senate Judiciary subcommittee that's studying pricing patterns in steel and other major industries, declared: "Steel profit margins have widened significantly over the years. This has occurred, in our opinion, solely because the industry has been able to increase prices by amounts significantly exceeding their increase in costs."

After yesterday's session, Chairman Kefauver (D., Tenn.) recessed further hearings until early October, when the study of steel prices will continue. Bethlehem Steel Corp. executives are tentatively slated to appear then.

United States Steel Corp. witnesses who preceded Mr. Brubaker have claimed increases in wage costs exceeding productivity gains are what's behind steadily climbing steel prices, and inflation, in general.

## Harvester Gets 2 Defense Orders for Crawler Tractors

CHICAGO—International Harvester Co. won two defense contracts to produce over \$10 million of crawler tractors with equipment. One contract covers 532 crawler tractors for the Army Corps of Engineers and the other is for 202 tractors for the U. S. Marine Corps. Delivery will be made next year.

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## REVIEW and OUTLOOK

## Where The Advantage Lies

When the U. S. first embarked on the disarmament discussions with Communist Russia men of good will could have some hope, if little expectation. Russia was in a period of change and there was at least the possibility that the new rulers would have a change of mind, if not of heart.

This thought motivated the first approach of the U. S. to the present disarmament talks. No one wanted to leave any hope unexplored. But cautious skepticism remained as a safeguard against dangerous error.

Today, if we read the signs rightly, the U. S. negotiators have lost most of their earlier hope of a fair and reasonable agreement. Yet the curious effect of this loss of hope has been to diminish their caution and spur them to more extravagant bids. The attitude now seems to be that the U. S. must get an agreement for agreement's sake.

This altered attitude is well illustrated by the history of the U. S. proposal for a suspension of atom tests. At first this was a modest proposal, designed to probe the Soviet's good intentions while keeping risks to the minimum. The agreement to suspend tests would be for ten months only. When that period expired it could be renewed or not as circumstances then dictated. Meanwhile a ten-month suspension of our tests would not seriously jeopardize our own research if things did not work out.

In other words, we were following the sound method of venturing a little for a large possible gain while hedging the hope against a realistic appraisal of the dangers.

That proposal came to naught. So this week the U. S. upped its "bid." We now offer a two-year's suspension of atom testing, a concession to the Russians that offers no advantages

over the first plan and risks some very real disadvantages.

These disadvantages are well known to the Russians (which is why they asked for a longer suspension) and to our own officials (which is why they previously objected to a longer suspension period). A two-year breathing spell might give the Russians a chance to catch up in their basic research, which can go on without actually shooting off bombs. At our stage of development a two-year suspension might break the momentum to such an extent that we would lose all of our lead time over Communist scientists.

Quite aside from these practical questions, the new U. S. move disturbs because it reflects an attitude that a disarmament agreement is an end in itself; therefore we must strain caution to the utmost in order to get an agreement on something.

President Eisenhower does not hide the fact that a disarmament agreement is his great dream. Mr. Stassen, the chief negotiator, needs some kind of an agreement or he will have to concede a personal failure. Secretary of State Dulles the other day quite frankly said his main objective is to work for present settlements; the task of dealing with their results he will leave to future Secretaries of State.

This is certainly not the best posture for any negotiator to strike. When one side is straining every nerve for a "deal" and the other side is calculating the price in cool detachment, it's pretty clear where all the advantages lie.

It is not naive to explore every avenue for peace, including disarmament. It is worse than naive to let a wish father action and to put out of mind all the bitter lessons of experience in dealing with the Russians.

## Behind A Statistic

The Canadian dollar has climbed to record levels in terms of U. S. dollars.

The American visitor, wishing to change one of his ten dollar bills into Canadian currency, gives the clerk another 50 cents. A few years back, on making such a transaction, he got 50 Canadian cents, and a few years before that he got a crisp dollar with the monarch's face on it.

The popular reason for this shift about is that heavy American and British investment in Canada has created a "shortage" of Canadian dollars in the foreign exchange markets. But there are some reasons for that heavy investment demand, too.

Canada is of course a country rich in such natural resources as minerals and timber. Beyond that, however, it is rich in something else. It is one country which has reduced its debt instead of increasing it. It has cut taxes. When its Conservative party moved into power a few weeks ago, it replaced a Liberal party which had followed fiscal policies more conservative

than those of the Republican party in the U. S.

There are less tangible things that also may indicate why the world is attracted to Canadian investment. The tourist is struck by the recurring evidence of a hard-working, independent-minded populace, by an unaccustomed courtesy in store clerks, by the adaptation of U. S. business methods which keeps much but politely leaves out some of the more bizarre aspects.

Foreign exchange rates certainly aren't any definitive reflector of national characteristics. But they do have a very special aspect to them, for they represent a collective, super-self-interested expression of world opinion. When a man lays out his cash for a pound or a franc or a dollar, he is indicating what he really thinks rather than what he says he thinks.

For that reason we find the climb in the Canadian dollar worth pondering. If it seems to say to us that the greatest natural resource of Canada is common sense, it is perhaps that we see too little of it in our own country.

## Bureaucratic Extravaganza

If you wanted to write a fantasy on bureaucracy run wild, you might invent a situation like this: While one Government agency is spending billions to buy up farm surpluses and take land out of production, another Government agency is spending billions to put land into production.

This sounds so fantastic that it might not be suitable even for a parody on Government. Unhappily for the taxpayer, however, it happens to be true.

As Mr. Vicker reported in this newspaper, the Agriculture Department has with great effort and expense succeeded temporarily in idling some 28 million acres through the soil bank, which is a euphemism for paying farmers for not growing things. At the same time the Bureau of Reclamation expects to ready for production more than 150,000 acres in the present fiscal year alone. Under a six-year program ending in 1960, more than a million acres will have been reclaimed.

All this new land added to the nation's farm capacity, already vastly in excess of demand, will obviously make

the surplus problem worse. So why do it?

The ostensible argument is that the population is growing and consequently we will be needing even more excess capacity than we already have. It isn't a very good argument. One of the notable facts about the technological revolution occurring in agriculture is the astonishing rise in crop yields per acre. Indeed, that is what bedevils the farm planners; the more they try to restrict acreage the more output increases. Thus it is unlikely that we will ever need the new land.

The real argument is simply that reclamation is part of the pork barrel, which Congress finds it impossible to resist even in an "economy" year like this one. And that, too, is a pretty feeble argument for throwing away the people's money on mutually contradictory projects.

In a lampoon on bureaucracy this extravagance might be mildly amusing. In real life it isn't. It's about time to apply a little agricultural common sense—a commodity of which there is plainly no excess capacity in Washington.

of advertising in 1948. Two years later he was elected a director.

Mr. Morgens will assume office October 1, when Mr. McElroy's resignation becomes effective. P. & G. said there will be no replacement of Mr. Morgens in his office as executive vice president.

In addition to his posts with P. & G., Mr. Morgens is a director of Owens-Corning Fiberglass Co.

## Commerce and Industry

Southern California Gas Co. (Los Angeles)—Courtland S. Gross, president of Lockheed Aircraft Corp., was elected a director.

Reliance Electric & Engineering Co. (Cleveland)—Three new members were elected to the board. They are Everett F. Larsh, Daniel T. Warner and William R. Clements. All three men held executive posts with Master Electric Co. which is now a division of Reliance.

Dow Chemical Co. (Midland, Mich.)—Donald Williams, vice president and director of sales, was appointed to the newly created position of director of corporate relations.

Copco Steel & Engineering Co. (Detroit)—Marvin M. Dickason was named chief product engineer.

New York Trust Co. (New York)—George E. Brewster was promoted to vice president in charge of the personnel division.

## Letters

To the Editor

## Problem Solved

Editor, The Wall Street Journal:  
Regarding your "Guests' Grips" article (Aug. 14), I average about 100 nights each year away from home and have little hotel trouble. I stay at motels.  
WILLIAM R. KOGER  
Denver, Colo.

## Unruffled Guest

Editor, The Wall Street Journal:  
So, according to your article "Guests' Grips" (Aug. 14), the middle aged couple were horrified when the bellhop shouted across the crowded lobby, "This couple hasn't got baggage. Is it okay to take them up to a room?" The matter becoming the more embarrassing to the hotel management when it turned out the man was managing editor of a leading newspaper.

Now, I ask you, shouldn't the managing editor of a newspaper be a man of sufficient wit to see such an incident as the amusing blunder it was? Why should either he or his lady be horrified?

Less than two weeks ago I was asked to pay in advance because I was making an overnight stop without luggage in a good hotel. I felt no resentment at all, knowing perfectly well the problems hotel men sometimes face. My own business experience—not in the hotel line—has taught me that the customer who puts on the biggest show of feigned indignation over such a fair request is the one you'd better watch.

RICHARD S. MORRISON  
Della, Utah

## Negative Thinking

Editor, The Wall Street Journal:  
The reporting of grips ("Guests' Grips," Aug. 14) is not in itself constructive or helpful unless the purpose is to spur all service industries—and especially hotels—to give better value per dollar of sale. If this is your objective, then we have no "grips" about the findings.

If, on the other hand, the object is to point up a weakness in a particularly vulnerable industry, then what about other businesses?

Dr. Peale, Dale Carnegie and others have pointed out that you can't attract bees without honey and that positive thinking is better than negative thinking. Perhaps a pat on the back now and then for an industry that has performed a great public service would be more of an incentive to keep standards high than criticism of weaknesses, which we admit exist.

EVERETT ALLEN  
Executive Secretary,  
Pennsylvania Hotels Association  
Harrisburg, Pa.

## How To Get In

Editor, The Wall Street Journal:  
The story "Guests' Grips" (Aug. 14) mentions that the most frequent complaint has to do with failure to honor reservations. Thanks to a suggestion by the Lexington Hotel, New York City, I have learned how to eliminate that type of difficulty with hotels. I have established credit with all of the hotels where I stay regularly and also have a Universal Travel Credit Card. Then when I write for a reservation I simply instruct the hotel to register me at the appointed hour whether I have shown in person or not, and to charge the room to my account. In this way I have a room, not merely a reservation, when I arrive at the hotel, and the hotel runs no risk of having a non-revenue room on its hands if I don't show.

D. F. SOUTHGATE  
Geneva, N. Y.

## Happy Disease?

Editor, The Wall Street Journal:  
To my poor untalented mind there is just one explanation for inflation, which is very clear to me, and that is excessive government spending.  
I might add that I do not advance a remedy because the people of the United States seem to like it and the politicians are aware of the fact that they like it. I don't blame one party any more than the other.

D. S. MACQUEEN  
Lewisburg, W. Va.

## Not So Simple

Editor, The Wall Street Journal:  
It is with much interest that I read your editorial entitled "A Dollar, A Dollar, A Federal Scholar" which appeared on August 15. For purposes of clarification rather than argument I should like to make the following comments.

The Subcommittee on Special Education, of which I am Chairman, has begun a study on the problem and issues and facts concerning the needs and resources for student financial aid. It is not a study of my own proposal, as indicated in your editorial, or any other specific bill. On this point there is quoted below an excerpt from the opening statement which I made at the beginning of these hearings on August 12, 1937.

"In the course of these hearings, we wish to study the problems and the issues and to collect the basic facts concerning the needs and the resources for student financial aid. We will afford many individuals, agencies and organizations that hold an interest in these problems an opportunity to voice their opinions or raise their questions. I believe that the subject under discussion today constitutes one of the most vital and far-reaching issues facing the people of the United States of America. Stripped to its bare skeleton, the basic problem is one of education."

With respect to the question in your editorial, "why the Congress doesn't just allow the burdened taxpayer to keep more of his own earnings to meet his own responsibilities for educating his own children," I would like to say, I, too, am in favor of tax cuts. I do not believe, however, that any cut in individual income taxes is the answer to the problem which our subcommittee is studying. I cannot believe that any possible increase in exemptions or a percentage cut would make the difference as to whether or not millions of young people will continue their education in higher institutions of learning. This is especially so in those many millions of families with incomes of less than \$5,000 per year.

I sincerely wish the answer to the problem was that simple.

CARL ELLIOTT  
House of Representatives  
Washington, D. C.

## Algerian Pitch

French Army Adds 'Ideology of Love' In Campaign to Pacify Native Populace

BY GEORGE WILLIAMSON

TIGZIRT-SUR-MER, Algeria—In the parking lot of the Pavillon de la Plage, once a placid resort hotel but now an Algerian War command post, is a detachment of swarthy French troops, submachine guns along menacingly.

But on the peaceful veranda, overlooking a dazzling beach where off-duty soldiers plunge into the boiling surf, a white-jacketed waiter sets a table for lunch—and Colonel Eugene des Touches talks of France's campaign to win the love of the Algerians.

The Colonel is commander of Sector II of the Grande Kabylie Province, a tiny chunk of revolt-torn Algeria. A trim, bemedalled veteran of three French wars, he says: "My mission is to win the confidence of the peasants." And he points to a passage in a circular letter issued to every new officer in his sector: "We are fighting an ideology of hate and this we oppose with an ideology of love . . . those who do not first learn to love the native Algerians will never be worthy of governing them."

Strange talk, perhaps, and hard to take seriously when the French army is mounting a massive offensive against the rebel "fellagha" bands and claiming to have killed a thousand in one recent nine-day stretch, when the air is full of charges of French brutality toward captured rebels and when French military tribunals are dispatching fellagha by the dozen to the guillotine.

## Plenty of Skeptics

Nevertheless, the talk does reflect a significant fact: Rather belatedly the French are trying to put down the three-year-old revolt by something more than force of arms. At least, that is the French pitch on their current tactics. Whether those tactics, to the extent they are being applied, will work is another and more doubtful matter.

There are plenty of skeptics who insist it's too late for France to win favor in Algeria with an "ideology of love." They think the French will fail to get the peasant population on their side through such unwelcome means as vast propaganda barrages, political reforms designed to give some local self-government, and economic development with a New Deal flavor.

Certainly there is plenty of hatred to overcome—hatred not only of the Algerian for the French but of the French settler for the Algerian. In tense Algiers, for example, a fest-topped Moslem glowers at a passing French paratrooper in battle dress. "If you kill him," says this outspoken rebel sympathizer to a bystander, "I'll drink his blood."

This somewhat immoderate remark is matched by one from a French businessman, born and reared here. "The only way to stop this is to kill about 10,000 natives at one blow—that would give the others something to think about."

If this sounds like hyperbole, remember that most of the European settlers are armed. Remember also Selti, the Algerian town where Moslem insurgents killed over a hundred Europeans in a one-day uprising in 1945; at the settlers' insistence the French army slaughtered thousands of Moslems. A man who was there puts the figure at 15,000 dead; the French will admit to no more than 3,000.

## Chaos Compounded

That was long before the current phase of the war began three years ago, and the reprisals and counter-reprisals have moderated from that extreme. But the incident gives an idea of the atmosphere in which the French are trying to inculcate affection. And if the French efforts fail, and the army should be abruptly withdrawn, Algeria would almost certainly be a worse chaos than it is now.

Why? For one thing the army keeps order of sorts. For another, it represents about the only "liberal" element hereabouts, paradoxical as that may seem. Here's what would be left without it:

First, a large, impassive and inarticulate peasant populace, accounting for 75% of the 10 million inhabitants, isolated in the vast countryside and largely uninterested in the great issues of freedom and independence.

Second, the fanatic rebels and their active sympathizers whose numbers are difficult to gauge. The fellagha forces total no more than 20,000 and to these might be added at most no more than 80,000 "political activists."

Though these rebels talk a lot about democracy and independence, their most persuasive talking-point so far, almost all experts agree, has been the threat of a slit throat for those Algerians who don't support them with food and funds. Their international sponsors at the moment start with Russia and include Egypt's Nasser and his leftist allies, the Syrians.

Finally, at the other extreme—there is little in the way of middle ground in Algeria—are the one million Europeans, mostly French, educated and well-entrenched in the area's economic life. Most would probably stay even if the French army left. They are determined not to submit to a "democracy" which would leave them heavily outvoted by the natives and ruled by the present rebel chieftains. And many of the Europeans, as noted, are well-armed.

The upshot of a withdrawal of the French army could thus hardly be anything but violent. So it's worth looking at the "love" tactics which, as much as military repression, may determine the outcome of the Algerian conflict.

Colonel des Touches illustrates one part of it: In the teeming market place of this Mediterranean fishing village the other day an unarmed French officer was hit in the shoulder by a pistol shot, despite the fact that everyone entering the market had been carefully frisked. The des Touches retaliation was to order all his officers to stroll in the market unarmed the following week—and to decree that nobody was to be frisked.

On a broader scale, all French soldiers are involved in the pursuit of Algerian affection. While much of the army is engaged in guerrilla-type combat, no soldier is exempt from such chores as teaching school, building roads, running infirmaries, organizing sports groups and manning the machinery of civil administration.

The French make daily visits to village leaders and hold long chats with them. In addition, so-called itinerant officers from the army's psychological warfare section stomp the countryside on hand-shaking tours, making speeches, showing films and urging friendly villagers to turn in troublemakers.

Learning From Ho

Much effort has been made to prepare army officers and men for their role, including a special course at the army training school. By way of explaining this puzzling war is a recent issue of a Defense Ministry periodical whose entire 112 pages are devoted to the subject of revolutionary war. It's a detailed analysis of techniques employed by such masters as Lenin, Mao Tse-tung and Ho Chi Minh—the last being the character who ousted the French from northern Indo-China but apparently gave them some useful lessons in the process.

Threading through these writings is the thesis that any successful revolution must focus on peasant masses. French tacticians, adapting this thought, have concluded that they can win over the peasants only by somehow gratifying the vague aspirations for self-government that the rebels seek to exploit. Hence the heavy French emphasis on local self-rule—under careful French guidance.

All this, the French believe, will take two years and they admit they are off to a late start. They are also bucking the strong tide of North African nationalism; neighboring Tunisia and Morocco have recently gained their independence from France. In a month or two they could find themselves facing a United Nations resolution condemning their repression and favoring freedom for Algeria.

So the skeptics about the "ideology of love" may well be proved right. But in the meantime the French want to get across the idea that they are trying to do something in Algeria besides kill people.

and lines will be \$2.79 per monotone page, \$3.12 per two-color page and \$3.56 per four-color page. These costs are figured on a one-time basis against a circulation of 10,307,458, Mr. Kennedy said.

High costs of doing business forced the adjustments, he said.

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## Ugly Duckling

The bathroom walls are flecked with suds. The floor's a murky lake. On tub and bowl are mud and hair. These signs you can't mistake.

There's evidence of struggle here. Of error and of wrath. But the family finally made it: The dog gave them his bath! —Bert Kuser.

## Hats Off

Comrade Ivan arrived in New York City to see for himself the capitalistic way of life. After Ivan had walked down Wall Street to get a good look at the headquarters of wealth he had read about back home, he became weary from the heat. Standing on the corner of Broad and Wall he began fanning himself with his hat. Innocently holding his hat before him, Ivan was pleasantly surprised to find coins dropping into his hat. When he returned to Russia his curious neighbors questioned him about America.

"It's all true about America being a capitalistic country," said Ivan. "But they have one dropping charm: They treat strangers so royally."

## No Problem

A very pretty and charming young wife phoned a psychiatrist. "I'm sending my husband to you. There's something dreadfully wrong with

him. Not only does he ignore me completely, but he's different from every other married man I know. He never takes a second glance at any woman, even the most beautiful and exotic."

The psychiatrist promised to call her when he had finished diagnosing her spouse, and he did.

"You have absolutely nothing to worry about," he as-

sured her. "Your husband isn't unbalanced or mind, or even neurotic or eccentric. He's just stupid."

Prima-Facie Case

"I had a date with an absent-minded professor last night."

"How do you know he's absent-minded?"

"Because he gave me a zero this morning." —Philnews.

## Themes and Variations

## Auto Myths

From the variety of the attacks on them, you might think contemporary American cars were fiendish devices. Indeed, a kind of mythology, or demology, is developing around them.

Part of the mythology is that people don't buy cars for business or pleasure, but out of considerably less felicitous motivations; in this pseudo-psychology, buying a convertible is a sign of wanting a mistress, and buying a big car indicates a frustrated passion for power. One psychologist calls the current American autos in general "psychosexual symbols." Whatever that may precisely mean, it is plainly much worse than mere "status symbols," a designation favored by the sociologists.

Another line of attack is to describe American autos as vulgar. Their size is the butt of innumerable cartoons and jokes; so are the tailfins on some of them. Tacitly or otherwise, they are invariably compared to European cars or to our own models of the Twenties. The disappearance of running boards is greatly mourned, though what purpose those appendages served is never very clear.

## Common Denominator

Still a further complaint concerns the accident rate; cars are not safe enough, it is alleged. One letter writer to this newspaper went so far as to say that cars are the cause of accidents, since in all auto accidents there is one common denominator—namely the auto.

Well, perhaps all these indictments are justified, but sometimes they do seem a bit far-fetched.

Unquestionably safety features can be improved, for example, and doubtless they will be, but it is hard to believe that cars are less safe than they used to be. The big increase in horsepower is supposed to be the main villain; yet the only danger from this would be a big increase in speed. And that hasn't happened. A 1937 model could go just as fast as a 1937 one. No one who remembers those earlier days can seriously contend that people are driving faster now. If anything, as a rule, they are probably driving more slowly because of the greater road congestion.

What is curiously overlooked in the talk of safety is the simple fact that the more cars there are on the roads the more accidents there are bound to be, just as a population increase means an increase in crime. That may be unfortunate, but it is pretty difficult to imagine any feasible way of restricting the volume of traffic. In any case, the notion that drivers are getting constantly more reckless is a statistical illusion.

As to the alleged vulgarity of American autos, that is a matter of taste, to be sure. Still, it is hard to credit the idea that European makes are paragons of grace, sports cars perhaps excepted. The small German, French, Italian and English autos wouldn't win any beauty prizes, whatever other virtues they may possess. One medium-size, and very expensive, German make closely resembles some of the box-like American models of about vintage 1940. Even some of the costliest European cars are ugly if judged by any standards of flowing lines.

## What Monopoly?

Related to this is the belief that we have a monopoly on bigness. In general it's true that the Europeans go in more for smaller cars. But by no means exclusively. When this country was building Locomobiles and other giants, European nations were building almost equally monstrous Isotta-Fraschini, Hispano-Suizas, Delehayes, Horchs, and Rolls-Royces. Today there is still no dearth of massive European cars.

And it might be noted that cars are just as much symbols of status in Europe as they are here. Most Europeans can't afford anything bigger than a Volkswagen, but many who are able to do so buy expensive ones. Maybe this is all wrong, but somehow it doesn't seem a particularly vicious trait to want a large and comfortable car, any more than it does to want that kind of house.

Anyway, the next time you buy a car, be sure to remember that what you are really doing is giving vent to some intense and deep-seated aggression. On the other hand, maybe you just need a car.

—JOSEPH E. EVANS

## Philadelphia Fire Association Reports Loss in First Half

PHILADELPHIA—Fire Association of Philadelphia reported a net operating loss of \$621,725 in the first half of this year, down from the \$768,297 loss recorded in the like period last year. The improvement reflected a reduction in underwriting loss to \$2,194,202 from \$2,270,783 a year ago and a rise in net investment income to \$1,574,477 from \$1,502,487.

Kenneth B. Hatch, president, said operations "continued to reflect the inadequacy of rates in most classifications of our business, the need for greater insurance to property values, the increased costs of repairing modern-design automobiles, plus the effect of several windstorms and tornadoes." Efforts to adjust rates and to persuade the public to insure property at present-day values, he said, "should bear fruit in the not too distant future."

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## Who's News

H. J. Morgens Elected President of P & G To Take McElroy's Place

By a WALL STREET JOURNAL Staff Reporter

CINCINNATI — Howard J. Morgens was elected president of Procter & Gamble Co. to succeed Neil McElroy whose appointment as Secretary of Defense was confirmed Monday by the Senate.

Mr. Morgens, who is 46, has been executive vice president in charge of "the larger portion of the company's operations in the United States" since 1934. A native of St. Louis, he graduated from Washington University in 1931, received his Master's Degree from Harvard's School of Business Administration and joined P. & G. in 1933 as a salesman. After advancing through advertising and promotion work, Mr. Morgens was elected vice president in charge



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## Studebaker Cut Indicated Loss In 2nd Quarter

Smaller Economy Car Planned Due to Demand for Scotsman Line, Firm Says

### Mercedes Sales Trail Forecast

By a WALL STREET JOURNAL Staff Reporter  
SOUTH BEND — Studebaker-Packard Corp.'s indicated second-quarter loss was \$4,311,845, greater than the \$2,498,357 reported for the first quarter, but down sharply from an indicated loss of \$21,154,283 in the second quarter of 1956.

For the first half of 1957, Studebaker-Packard, which is operated by Curtiss-Wright Corp. under a management agreement, reported a loss of \$6,510,302 on sales of \$105,046,040. This was a considerable reduction from the first six months of 1956 when the company lost \$35,465,456, before special charges on sales of \$181,612,336, Harold D. Churchill, president, said.

The company listed these special charges for first-half 1956 at \$60 million.

**Plans for New Series**  
Mr. Churchill also announced that Studebaker-Packard has decided to add a smaller economy car series with new design to its present Scotsman line. He gave no details as to when the car would be introduced or what type of car it would be, but said the decision was made because of the high demand for the Scotsman, which has "exceeded production."

The Studebaker-Packard president said that a portion of the losses incurred in the first half this year included "charges required" to establish the Mercedes-Benz line of cars among Studebaker-Packard dealers.

The establishment of this German line, he conceded, had been delayed from "four to six months," and resulted in lower-than-expected sales of Mercedes-Benz automobiles. This "contributed to our losses in some degree," he said.

Under a contract signed last spring between Studebaker-Packard and Daimler-Benz, Studebaker-Packard had hoped to sell the German line shortly after May 30.

**About 300 Dealers Appointed**  
Mr. Churchill said the delay resulted from his company's "determination to establish Mercedes-Benz on a basis consistent with American automotive practices." However, he added: "Approximately 200 Mercedes-Benz dealers have already been appointed throughout the country," and "we are moving forward in all phases of the program."

Despite the continued losses, Mr. Churchill said sales of Studebaker and Packard cars in June and July were at the highest level of the year and that the company anticipated no inventory problem when 1958 models are introduced.

Mr. Churchill said that on June 30, Studebaker-Packard had \$30,990,268 in cash and marketable securities as part of current assets of \$95,748,615. Current liabilities amounted to \$41,592,557. He said working capital was \$54,156,058 compared with \$54,602,893 at January 1, 1957.

STUDEBAKER-PACKARD CORP. reports for six months ended June 30:

|                           | 1957          | 1956          |
|---------------------------|---------------|---------------|
| Sales                     | \$105,046,040 | \$181,612,336 |
| Loss                      | \$4,311,845   | \$21,154,283  |
| a- Before special charges | \$6,510,302   | \$35,465,456  |

## U.S. Steel to Hike Export Prices at Three Ports, Cites Rail Rate Boost

By a WALL STREET JOURNAL Staff Reporter  
NEW YORK—United States Steel Export Co. announced an increase effective Monday, in its steel prices at the ports of New York, Philadelphia and Baltimore to "reflect the higher export carload freight rates."

A company spokesman said the increases would "fully compensate" for the freight rate hikes Monday on outbound shipments from the mills. He said the company would absorb increased charges on incoming shipments, but explained these rises would be minor because of U. S. Steel Corp.'s extensive transportation system on its own.

The export concern is a wholly-owned subsidiary of the parent U. S. Steel Corp. A spokesman for the parent company said it "contemplated" no increases "at this time" in domestic base steel prices. These prices, however, are quoted F.O.B. the mill, and the freight rate increases will automatically be added to rail freight bills for delivery to the buyer.

The railroads were recently granted permission by the Interstate Commerce Commission to raise rates 7% in the East and West and 4% in the South. The Southern lines, however, said they wouldn't raise their rates on a long list of items including "manufactured iron and steel articles."

### Department Store Sales

WASHINGTON — Nationwide department store sales during the week ended August 17 rose 4% above the year-earlier level, the Federal Reserve Board reported.

Increased sales were reported in nine of the Reserve System's dozen districts. The Minneapolis District reported the lowest gain, 1%, while the New York area registered sales 8% above the corresponding week of 1956. Two districts—Kansas City and Boston—reported sales unchanged, while San Francisco was the only area to experience reduced volume, off 3%.

For the year to date, nationwide store sales are 2% ahead of the like 1956 period.

Here's a district breakdown of department store sales, based on retail dollar amounts and showing the percentage change from the year-earlier period:

| Federal Reserve District | One Week Ending Aug. 17 | Aug. 10 | Aug. 17 | Jan. 1 |
|--------------------------|-------------------------|---------|---------|--------|
| Boston                   | 0                       | 0       | -2      | +1     |
| New York                 | +8                      | +8      | +7      | +4     |
| Philadelphia             | +3                      | +1      | +1      | +2     |
| Cleveland                | +3                      | +2      | -1      | -1     |
| Richmond                 | +5                      | +3      | +2      | +4     |
| Atlanta                  | +3                      | -1      | +1      | +2     |
| Chicago                  | +2                      | +3      | +3      | +3     |
| St. Louis                | +6                      | +1      | -1      | 0      |
| Minneapolis              | +1                      | +3      | +3      | +3     |
| Kansas City              | 0                       | -1      | 0       | +1     |
| Dallas                   | +2                      | +1      | +3      | +3     |
| San Francisco            | -3                      | -2      | 0       | +1     |
| U. S. Total              | +4                      | +3      | +3      | +3     |

## Rugged Rolls-Royce Will Push U. S. Sales, Triples Dealerships

"Streamlined" Design Dispenses With Chauffeurs; No Model Change Likely Before 1960

By a WALL STREET JOURNAL Staff Reporter

DALLAS—The conservative old dowager of the British auto industry is about to launch a drive to sell more of its cars in the U. S.

Rolls-Royce, Ltd., whose autos have long been a symbol of prestige and conservatism, has more than tripled its U. S. dealerships in the last two months and will kick off its first full-fledged advertising campaign in this country early in September, Roger Crester, who heads the firm's export division, disclosed here.

"We have sold as many cars in this country through July of this year as we did in all of 1956," Mr. Crester said. "We doubled our sales last year over 1955 volume. If we are able to continue the present pace, American sales will account for nearly 20% of our total world-wide volume this year."

### Actual Sales Not Revealed

How many cars such impressive percentage gains represent isn't being discussed even privately, outside the company's official London quarters, but the number obviously isn't large. One industry estimate puts Rolls-Royce total auto production at about 2,000 units annually and American sales this year, even at the present optimistic sales rate, about 400 units.

Mr. Crester says about 85% of the sales in the U. S. are "production models" selling for \$12,500, while the rest are "custom models" tagged at \$20,000 and up.

Mr. Crester is accompanying a caravan of 23 Rolls-Royce cars that will roll through Fort Worth, Dallas and Houston next month to stir up interest in this previously untapped market. The tour follows an earlier three-month swing by a six-car caravan through 12 Eastern and Southern cities from March through June this year.

In September, the firm will begin advertising in 12 daily newspapers, and has scheduled monthly ads for New Yorker magazine. Previously, Rolls-Royce's entire U. S. advertising consisted of one lone annual ad in New Yorker.

### First Southwest Distribution

The company has named Overseas Motors Corp., Fort Worth, as its first distributor in the Southwest, and its fourth in the U. S. Overseas has lined up dealers in Dallas, Fort Worth, Houston, and Abilene, Texas, New Orleans, Oklahoma City and Albuquerque, N. M. This brings to 22 the number of dealers in the U. S. actually stocking Rolls-Royce cars, compared with 10 a year ago, and one in 1947.

Rolls-Royce's "production" car, the Silver Cloud, introduced in 1955, sells for \$12,500 and the similar Bentley, also made by Rolls, markets for \$12,500. This price includes automatic transmission, power steering, power brakes, "ride control" to regulate shock absorbers, radio, picnic tables, vanity mirrors, cowhide

upholstery and a walnut dashboard. By pressing a foot pedal every 200 miles, the driver automatically lubricates his car.

While the car is called a "production" model, it is assembled by hand with craftsmen specializing on certain portions of the car.

It differs from the \$20,000 custom models only in that the body is stamped out rather than built up panel by panel, and standard equipment is used in the plush interiors.

The Silver Cloud is only the sixth basic model brought out by Rolls-Royce in 50 years, and Mr. Crester says there probably won't be another model change until at least 1960.

### Streamlined Design

"Americans used to think of the Rolls-Royce as a big black box on wheels, with a chauffeur in brass buttons and an old lady sitting in the back," he says. "We even found that our first post-war production model, the Silver Dawn, didn't sell well here because it was too boxy. Now we have a streamlined design and a car the owner can drive himself. The chauffeur is fast disappearing from the American scene."

While Rolls-Royce insists things rarely go wrong with its cars—and the first car the firm built back in 1905 has never needed a new part—it has increased its staff of factory-trained engineers in this country to five from two to handle major repairs on the autos. These engineers fly anywhere in the country to work on the cars, at no expense to the owner.

Increasing sales of Rolls cars in this country has more than offset lost markets in Egypt, India and other Middle East and Far East countries, Mr. Crester reports. However, the increasing exports to the U. S. have been bad news for British customers. They now have to wait two to three years to get a car.

"One Englishman recently bought another make car to last until he gets his Rolls," says Mr. Crester. He explains that the plant can only turn out so many cars, and American get top priority.

**COOLIDGE Balls**

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**COOLIDGE CORPORATION**  
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## Laclede Steel Expands

ST. LOUIS—Laclede Steel Co. plans to start construction within the next two months of a \$600,000 steel fabricating plant and distribution warehouse on a 7½ acre site located on Tampa Bay, Fla.

William Akin, president, said the new facility marks the "entry into the Southeast and

Florida markets" for the producer of construction steels. The new facility will be serviced directly by barge transportation from the company's Alton and Madison works, near St. Louis.

The new plant will be in operation by the second quarter of 1958, Mr. Akin said.

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**THE ALCOA HOUR**  
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**Narcotics:** The House passed and sent to the Senate a bill (H.R. 9028) that would set up a system of licenses and manufacturing quotas for makers of narcotic drugs, both natural

**Small Business:** The Senate Small Business Committee recommended that the Defense Department ease its procurement policies in

**Atomic License:** The Atomic Energy Commission said it plans to issue a license to James Loudon & Co., Inc., Los Angeles, for

**Tax Treaty:** The U. S. and Belgium signed a supplement to their double-taxation treaty which would extend that agreement to the Belgian Congo and the trust territory of Ruanda-Urundi.



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## Lockheed Indicated Net in 2nd Quarter Topped 1956 Period

Reduced Defense Spending Will  
Cut Employment 14% By Year  
End, Company Says

By a WALL STREET JOURNAL Staff Reporter  
BURLINGAME, Calif. — Lockheed Aircraft Corp.'s net earnings for the second quarter ended June 30 rose to an indicated \$4,155,000 from \$3,121,000 in the like period last year.

Sales in the second quarter were an indicated \$229,588,000, up from \$148,117,000 in the year-ago period.

Lockheed's net profit in the six months

ended June 30 edged up to \$7,570,000 from \$7,534,000 in the like 1956 period, the company announced. Earnings were equal to \$2.58 a share in the 1957 first half, compared to \$2.58 a share on a slightly smaller number of shares in the corresponding 1956 period.

Sales in the first half of 1957 jumped to \$425,067,000 from \$335,774,000 in the first six months of last year. Rising expenses, including increased research and development costs, kept earnings in the 1957 period from gaining in proportion to the sales increase, the company said.

The plane maker's midyear backlog stood at \$1,392,762,000—about the same as a year ago but down from the 1956 year-end total of \$1,597,523,000. Board Chairman Robert E. Gross and President Courtlandt S. Gross, stated. Commercial transports and civilian services accounted for 24% of the company's first half sales, they said.

The two officials said Lockheed has felt the effects of reduced defense spending during recent months and that prospects are that overall employment, which stood at 62,221 at mid-year compared with 59,479 a year earlier,

would be reduced by about 14% by year's end. The two officials said research and development expenses in the six months period just ended were up 53% from the like 1956 period, totaling \$13,386,000. This was due mostly to an \$11 million charge-off on development of the new Electra jet transport, they said.

Interest expense more than doubled from \$932,000 for the first six months of 1956 to \$2,392,000 for the 1957 half, they noted. "The increase charges reflect costs of higher borrowings—short-term bank loans totaling \$40 million at midyear plus nearly \$60 million of debentures, they reported.

LOCKHEED AIRCRAFT CORP. reports for six months ended June 30:  
Earnings per share ..... \$2.58 1957  
Sales ..... \$425,067,000 1957  
Net before income taxes ..... \$12,450,000 1957  
Income taxes ..... 7,850,000 1957  
Net income ..... 4,600,000 1957  
Capital stock ..... 1,350,000 1957  
a-Adjusted to reflect payment of 3% stock dividend in January, 1957.  
For quarter ended March 31, last, net income was \$2,415,000, equal to \$1.14 a share, compared with \$2,415,000, equal to \$1.14 a share (adjusted in the period of preceding year).

**Beneficial Finance**  
BENEFICIAL FINANCE CO. and subsidiaries report for six months ended June 30:

|                                                                        | 1957          | 1956          |
|------------------------------------------------------------------------|---------------|---------------|
| Operating income                                                       | \$4,155,000   | \$3,121,000   |
| Net before income taxes                                                | \$4,155,000   | \$3,121,000   |
| Income taxes                                                           | 7,850,000     | 7,850,000     |
| Net income                                                             | 4,155,000     | 3,121,000     |
| Balance sheet items of Beneficial Finance Co. and subsidiaries follow: |               |               |
| Total assets                                                           | June 30, 1957 | June 30, 1956 |
| Cash                                                                   | \$1,392,762   | \$1,392,762   |
| U. S. Government securities                                            | 1,392,762     | 1,392,762     |
| Investments                                                            | 1,392,762     | 1,392,762     |
| Current assets                                                         | 1,392,762     | 1,392,762     |
| Long-term debt                                                         | 1,392,762     | 1,392,762     |
| Equity                                                                 | 1,392,762     | 1,392,762     |
| Common shares, \$1 par                                                 | 1,392,762     | 1,392,762     |
| a-Par \$1.                                                             |               |               |

**Bulova Watch**  
BULOVA WATCH CO., INC. and subsidiaries report for quarter ended June 30:

|                                                                     | 1957        | 1956        |
|---------------------------------------------------------------------|-------------|-------------|
| Earnings per share                                                  | \$1.14      | \$1.14      |
| Net before income tax                                               | \$2,415,000 | \$2,415,000 |
| Income taxes                                                        | 7,850,000   | 7,850,000   |
| Net income                                                          | 2,415,000   | 2,415,000   |
| Capital stock                                                       | 1,350,000   | 1,350,000   |
| a-Adjusted to reflect three-for-one stock split in September, 1956. |             |             |
| Company's fiscal year ends March 31.                                |             |             |

## Commercial Paper Dollar Volume Rose 13% in July

By a WALL STREET JOURNAL Staff Reporter  
NEW YORK—The dollar volume of commercial paper outstanding in the United States rose 13% in July to \$2,781,000,000, mainly as a result of an increase in sales of the promissory notes by large finance companies. Volume fell 12% in June.

The New York Federal Reserve Bank said that of the \$229 million increase in commercial paper during the month, the eight reporting finance firms accounted for \$224 million. Paper marketed through commercial paper dealers rose only \$5 million.

Outstanding paper issued by the finance companies totaled \$2,222,000,000 as of July 31, or 83%. Commercial paper dealers accounted for the remaining \$559 million.

Commercial paper is the money-market term for the short-term notes issued by lead-

ing corporations to raise funds, usually for seasonal needs. Finance companies place their paper directly with investors, usually corporations, while dealers sell the notes to borrowers in the open market, normally to banks outside New York City.

Dealers raised the rates on open-market paper on August 7 by 1/4 point, but the yields offered by finance companies has remained unchanged since June 27. Dealers are now quoting 4% on "prime" four-to-six month paper of leading concerns and 4 1/2% on notes of less well-known business names, including smaller finance companies.

Commercial paper of major finance companies of one to nine months maturity is quoted from 3 1/2% to 4%.

**Lackawanna Railroad**  
LACKAWANNA RAILROAD and subsidiaries report for quarter ended June 30:

|                                                                                       | 1957        | 1956        |
|---------------------------------------------------------------------------------------|-------------|-------------|
| July gross                                                                            | \$6,441,240 | \$6,441,240 |
| Operating expenses                                                                    | 3,220,620   | 3,220,620   |
| Operating income                                                                      | 3,220,620   | 3,220,620   |
| Net income                                                                            | 3,220,620   | 3,220,620   |
| a-After fixed and contingent charges, but before capital and sinking funds. b-Income. |             |             |

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BOX D-203  
THE WALL STREET JOURNAL

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Box D-146, The Wall Street Journal

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BOX C-155, THE WALL STREET JOURNAL

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Our new mill is seeking first rate representation for the "material of a thousand uses"—EXPANDED METAL. We have the greatest range of sizes in the United States starting with .010 inches up to twelve gauge thickness and in mesh openings from less than 1/16 inch up to 2 1/2 inches. Customers for our products are both metal manufacturers and end-product manufacturers making rails, home appliances, TV, air conditioning, machinery, metal furniture, etc.

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Probably the finest hand ever designed. 2 new 1956 Allis Chalmers Diesels and Onan Generator. Two absolutely private staterooms. 2 showers, 2 heads. Running hot & cold water. Ship Short. Auto Pilot. Fathomometer-complete 110 and 120 volt and Constavolt. Electric REFRIGERATOR. Wall to wall carpet. Complete plastic dishware & finest cooking utensils. Linens, towels, foam rubber throughout. Two dinghies, sailing and outboard. Located Long Island Sound, \$15,000. Lower price, 16 day trip, New York 13, N. Y.

**REAL ESTATE FOR SALE**

**FOR SALE MODERN MANUFACTURING PLANT**

Modern cinder block and steel construction building built in 1950; approximately 350 feet long by 60 feet wide. Complete rolling mill system. Spinning, drawing, and pipe rolling. Spur track and private railroad siding which we own. Community served by five railroads. Building located on modern highway. Second building consists of three double modern, standard dry kilns. Total lumber drying capacity of about 150,000 feet with our own heating unit which takes care of both buildings. Separate building for storage of dry lumber. Covered lumber lift in yard for complete lumber operation. A wonderful opportunity for lumber or furniture industry.

Write Box D-148  
The Wall Street Journal

**WANTED MACHINERY**

Late type Slinger Hartley #2 Universal Spring Colter, Series 667. Prefer machine with Torsion Tooling attachment. Please forward complete information, listing attachments, serial number, power drive (if any) and best price.

Artistic Wire Products Co.  
East Hampton, Conn.

**STEEL & METAL FOR SALE**

FOR SALE: 2,500 ft 2 inch O.D. 312 wall black electric weld line pipe API-5L double random lengths. Immediate delivery.

Box C 140 The Wall Street Journal

**WANTED MACHINERY**

Late type Slinger Hartley #2 Universal Spring Colter, Series 667. Prefer machine with Torsion Tooling attachment. Please forward complete information, listing attachments, serial number, power drive (if any) and best price.

Artistic Wire Products Co.  
East Hampton, Conn.



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INDICATORS • UNDERWRITERS • DISTRIBUTORS

## Bond Markets

Government Liens  
Mixed in Quiet Trading;  
Municipals Hold Firm

By WALL STREET JOURNAL Staff Reporter

NEW YORK—Mixed prices on U.S. Govern-

ment bonds were typical of a dull bond market.

Some dealers closed the Victory Loan 2½

of December, 1967-72 at 87 1/8 bid, up 4-32.

The 3½ of June, 1978-83 and the 40-year 3s

were both 2-32 lower, at 98 10-32 bid and 98 8-32

bid, respectively.

The Treasury 2 to 4-year 4s were quoted

at 100 17-32 bid, up 2-32 from Wednesday.

Investment grade corporates, after early

firmness, settled down to slow dealings at

slightly lower levels.

Rails were dull and easy.

Municipals enjoyed the third consecutive

day of firmness. Good action in the secondary

market whittled inventories down a bit de-

spite the high volume of incoming business.

"Many buyers seem to feel that a turn in the

market is upon us," observed a happy dealer.

"Prices were still low this week, and investors

decided that such bargains would not be avail-

able for long if the market continued strong."

Revenue bonds were mostly higher, with

strength in Illinois 3½ typical of the boost

some roads have received from the announce-

ment that they would be included in the Inter-

state net.

Big Board convertibles were lower and

moderately active.

Foreign bonds were quieter, with Italians

up.

## Prices of Recent Securities Issues

The original offering price and Street

market are indicated below for recent

issues of selected securities that are not

listed on a principal exchange.

## UTILITY BONDS

Offering

Issues: Price Bid Asked

Gen'l Light 4½ '87-100.80 100 100½

Georgia Pow 5½ '87-102.29 104½ 105

Gen'l Teleph 5s '87-100 101½ 102½

Ver Cent P&amp;L 5s '87-101.563 99½ 99¾

Met Ed 4½ '87-101½ 102 102½

Mich Wisc Pl 6½ '77-102.889 104½ 105

N Y Teleph 4½ '91-101.755 99½ 100

North States 5s '87-100 102½ 103½

Nor Sta Pow 4½ '87-100 99½ 99

Pacific G &amp; E 5s '89-100.798 103½ 104

Pac Tel &amp; Tel 5½ '80-102.387 102½ 103½

Puget S P&amp;L 6½ '87-103.459 107½ 108½

Sou Bell Tele 5s '86-102.32 104½ 105½

Sou Cal Edis 4½ '82-100.73 100¼ 100¾

Sou Cal Gas 5½ '83-101.807 104½ 105½

Tenn Gas Tr 6s '77-99 101½ 102

Texas El Ser 4½ '87-101.60 102 102½

West Penn P 4½ '87-101.66 102½ 103½

Wis Tele 4½ '92-101¼ 99 99½

## OTHER BONDS

Chance Vght 5½ '77-100 88½ 89½

Gen'l Mils AC 5s '77-97½ 101 101½

Sears Roeb'k 5s '82-100 99¼ 99½

## PREFERRED STOCKS

McLouth Steel 5½-100 99½ 100

Tung Sol 5½-80 48½ 49½

## COMMON STOCKS

Carter Prod 28½-29

## Financing Business

Freeport Sulphur Sets \$100,250,000  
Loan From Banks, Nickel ConsumersFunds to Pay for Unit's New  
Nickel Producing Facilities  
In Cuba, Plant in Louisiana

By WALL STREET JOURNAL Staff Reporter

NEW YORK—Freeport Sulphur Co. has completed arrangements for its subsidiary, Cuban American Nickel Co., to borrow \$100,250,000 from banks and large nickel consumers to pay for new nickel producing facilities in Cuba and for a large refinery at Braithwaite, La.

The Louisiana plant, now being built, will produce about 50 million pounds of nickel and 4,000,000 pounds of cobalt annually. It is scheduled to begin operating about the middle of 1959. Total cost of the new facilities will be about \$119 million, of which \$8,500,000 has already been spent on development and preliminary construction.

The project will represent the first substantial domestic output of nickel. Free world output of nickel is about 450 million pounds yearly of which about 80% comes from Canada. Free world production of cobalt is about 30 million pounds yearly.

The Government has contracted to buy from Freeport 271 million pounds of nickel and 23 million pounds of cobalt over the period ending June 30, 1965, the company said.

Charles A. Wight, chairman of the executive committee of Freeport, noted nickel finds important uses in jet planes, guided missiles, atomic power facilities and other defense and civilian requirements. It has been in short supply since the start of the Korean war, he added, and output is still less than demand.

Mr. Wight said a group of banks, headed by the First National City Bank of New York, and including Bankers Trust Co., Mellon National Bank &amp; Trust Co., Chemical Corn Exchange Bank, Bank of New York and four New Orleans banks have agreed to lend up to \$75 million to Cuban American Nickel Co. at interest rates of 4% to 4½%. The loans are to be repaid during the early years of operation, it was stated.

In addition, six large consumers of nickel have agreed to purchase from Cuban American various amounts of a total issue of \$25,250,000 5% subordinated notes. The purchasers of these notes will have first call on a substantial portion of the nickel to be produced, Mr. Wight said. He declined to divulge their names.

The investment banking houses of Kidder, Peabody &amp; Co. and White, Weld &amp; Co. assisted Freeport Sulphur in negotiating the loan contracts.

Chemical Corn Plans  
To Offer 1,062,765  
New Shares to Holders

By WALL STREET JOURNAL Staff Reporter

NEW YORK—Directors of Chemical Corn Exchange Bank, third largest in the city, voted to ask shareholders to approve an increase in the bank's capital stock by 1,062,765 shares of \$10 par value stock. A special stockholders' meeting was called for September 17 to consider the proposal.

Under the plan, shareholders would be offered the right to subscribe to the new stock on the basis of one new share for each five held. The price of the new shares and the offering period are to be determined later by the directors.

Harold H. Helm, chairman, said the bank was seeking the additional capital funds because of an increasing demand for credit and other services it provides.

Chemical Corn Exchange Bank's last capital financing took place in January, 1956, when it raised some \$25.6 million through the sale of 590,425 shares at \$44 a share. The basis to shareholders then was one new share for each eight held.

The bank's directors yesterday increased the quarterly dividend rate to 87½ cents from 50 cents. This in effect increased its annual dividend rate to \$2.30 from \$2, the bank said. A 87½-cent quarterly dividend was declared, payable October 1 to shareholders of record September 13.

Chemical Corn Exchange stock was selling at 49 at the time the new financing was announced, the price for the shares when the previous subscription offer was made. If the directors again fix a \$44 price on the shares, that should produce some \$46.7 million in added funds for the Chemical Corn Exchange Bank, bank analysts noted.

Subject to the approval of the New York State Superintendent of Banks, the proposed shares will boost the bank's capital stock to 8,378,950 shares of \$10 par stock. On June 30, 1957, the bank had capital of \$53 million, and \$182.9 million in surplus and undivided profits.

It is expected the offering will be underwritten by a group to be headed by Kuhn, Loeb &amp; Co., First Boston Corp., Hemphill, Noyes &amp; Co., and W. C. Langley &amp; Co.

## Business Milestones

Kansas Gas Approves  
\$75 Million Expansion Plan

WICHITA—Directors of Kansas Gas &amp; Electric Co. approved a \$75 million expansion program for the next four years.

Included in the plans are a new plant of 800,000-kilowatt capacity north of Wichita. The \$75 million expansion program will begin late in 1959. It will burn natural gas, with oil as a standby fuel.

## Stix, Baer &amp; Fuller

STIX, BAER &amp; FULLER Co. reports for the six months ended August 3:

Earnings per common share 1957 1956

Sales 36,171,732 36,099,685

Net income after taxes 376,486 353,531

Common shares 437,561 437,561

After preferred dividend requirements:

For the quarter ended April 30, last, the company reported net income of \$285,253, equal to 39 cents a common share, compared with net income of \$137,328, or 19 cents a share, in the like 1956 period.

Stix, Baer &amp; Fuller attributed the improvement in earnings to the fact last year's earnings were reduced in the first quarter by non-recurring expenses for the initial operation of a new suburban store. These expenses "have now been almost eliminated," an official said.

Texas Eastern Files  
\$30 Million Bond  
Offering With SEC

By WALL STREET JOURNAL Staff Reporter

WASHINGTON—Texas Eastern Transmission Corp. put \$30 million of first mortgage pipeline bonds in registration with the Securities and Exchange Commission.

The Shreveport, La., company reported it intends to market the securities, due 1977, publicly through Dillon, Read &amp; Co., Inc., and associates. Proceeds from the proposed sale would be applied to the company's gas expansion and reconversion programs.

Texas Eastern sold \$15 million of 6% debentures in June with a feature barring refund in at lower cost for ten years. The company also issued \$20 million of 5½% convertible preferred stock in June.

Jefferson Lake Sulphur  
Plans to Offer 143,000  
Shares to Holders

By WALL STREET JOURNAL Staff Reporter

NEW ORLEANS—Jefferson Lake Sulphur Co. plans to offer a new issue of 143,000 shares to stockholders.

Holders of common stock would be offered rights to purchase one new share for each five held, according to Eugene H. Walet Jr., president. The new shares will be registered with the Securities and Exchange Commission next week, he said.

At current prices the new stock would be worth more than \$4 million.

Homestake Mining Registers  
\$12 Million Debenture Issue

NEW YORK—Homestake Mining Co. registered \$12 million of debentures with the Securities and Exchange Commission—the first public financing in the 50-year history of the gold, silver and uranium mining concern.

The issue will include \$7 million of sinking fund debentures, due 1969, and \$5 million of subordinate convertible debentures, due 1972. Eastman Dillon, Union Securities &amp; Co. and associates will underwrite the offerings. Proceeds will pay bank loans and finance planned acquisitions.

## Amphenol Electronics Common

WASHINGTON—Amphenol Electronics Corp. placed 200,000 shares of common stock in registration with the Securities and Exchange Commission.

The Chicago concern reported it plans to market the shares publicly through an account headed by Hornblower &amp; Weeks. Proceeds from the sale, the company said, would be used for \$4.1 million of construction and a \$1.8 million acquisition of Danbury-Knudsen, Inc., Danbury, Conn.

## Money Rates

NEW YORK—Bankers acceptance rates on 30-90 day bills were quoted 4¼% to 4%, 120 day bills are 4¼% to 4¼% and the 180 day bills 4¼% to 4¼%.

Federal funds bid at 3%.

Call money lent dealers on bills and Treas-

ury was quoted at 4 to 4¼%.

Call money on stock exchange collateral

was 4¼% to 4¼%.

Commercial paper sold through dealers four

to six months maturity was 4% to 4¼%.

Commercial paper placed directly by the

major finance companies one to nine months

maturity was 3¼% to 4¼%.

## Tax-Exempts

Virginia Unit to Offer  
\$175 Million Bond Issue  
For Bridge-TunnelOfficial Says About \$145 Million  
Would Be Used to Build Link  
Between East Shore, Norfolk

Special to THE WALL STREET JOURNAL

PORTSMOUTH, Va.—About \$175 million of bonds are to be issued for the construction of a planned bridge-tunnel connecting the eastern shore of Virginia with the mainland near Norfolk, Richard S. Holland, vice president of the Chesapeake Bay Ferry Commission, reported.

Mr. Holland said the cost of the bridge-tunnel will approximate \$145 million. Another \$30 million will be required to redeem bonds sold for the present ferry operation of the commission, and the rest of the financing would be used to pay interest during construction and for contingencies.

Mr. Holland's figures are based on a proposed bridge-tunnel to run for 93,100 feet. He said that if present plans materialize, the tunnel work would start in February, 1959, and be completed in April, 1962.

Charge for a passenger automobile using the facility would be about \$3, the present ferry charge.

The Virginia Highway Commission on September 5 will weigh recommendations for the route to be followed by the bridge-tunnel. The Ferry Commission and traffic engineers recommend a north-south route that would follow the freight ferry line. There has been some advocacy, however, of an east-west route that would run from the eastern shore of the Virginia peninsula near Old Point Comfort. The construction figure on the east-west route is several million dollars lower than on the north-south route, but engineers have said the traffic to be expected on the north-south route would be much heavier.

## Cook County, Ill., Plans to Sell

\$11,250,000 Issue September 10

Cook County, Ill., plans to sell \$11,250,000 various purpose securities on September 10. Maturities will range between 1958 and 1977.

September 24 has been named market day for \$10,000,000 Oakland, Calif., Unified School District bonds maturing 1958 through 1962.

Lake County, Ill., Township School District No. 119 will take \$4,485,000 bonds to the market September 3. These bonds fall due 1958 to 1976.

School building securities totaling \$2,300,000 are scheduled for sale September 5 by the Union Township, N. J., School District. Maturities on these bonds run from 1958 through 1977.

Bedford, Ohio, City School District bonds totaling \$1,880,000 and bearing 1959 through 1980 maturities have been announced for sale on September 11.

September 5 is date of sale for \$1,750,000 Utica, Mich., Community School District bonds which fall due 1960 to 1985.

School building bonds to the value of \$1,200,000 issued by White Hall, Ohio, City School District will receive bids until September 10. The bonds fall due 1959 to 1978.

Barker Bros. Holders Vote  
To Issue 292,000 Shares

NEW YORK—Stockholders of Barker Bros. Corp., Los Angeles retail furniture chain, at a special meeting approved issuance of 292,000 shares of its authorized common stock.

Of this increased stock, 85,000 shares will be sold to W. &amp; J. Sloane, New York furniture chain, at \$13 a share and the remaining 207,000 shares will be sold to Marshall-Wells Co., Duluth hardware wholesaler, at the same price per share. Prior to this sale, Marshall-Wells owned about 53% of the common stock of Barker Bros.

Proceeds of the sale will be used to acquire the title, business and fixed assets of W. &amp; J. Sloane, according to a proxy statement issued by Barker Bros. Sloane's stores and wholesale departments will be operated through a newly-formed corporation, W. &amp; J. Sloane, Inc., as a wholly-owned subsidiary of Barker Bros.

Fire Association  
Of Philadelphia Shows  
1st Half Operating Loss

PHILADELPHIA—Fire Association of Philadelphia reported it had a net operating loss for the six months ended June 30, but it was less than the operating loss of the first half of 1956. The firm also reported underwriting losses slightly under a year ago.

Kenneth B. Hatch, president, said net operating loss for the first half was \$621,725, compared with a net loss of \$768,297 in the like 1956 period. Underwriting loss, Mr. Hatch said, was \$2,196,302, compared with \$2,370,783 last year.

At the same time, net premiums earned in the first half were \$27,933,502, up slightly from \$27,527,451 in the first six months of 1956, and net investment income rose to \$1,574,477 from \$1,502,487 in 1956.

## Alleghany Corp.

ALLEGHANY CORP. reports as follows:

Net assets per common share June 30, '57 June 30, '56

Statement of income for six months ended June 30:

1957 1956

Income from divs, etc. \$2,132,182 \$1,504,339

Net before secur trans 1,017,330 460,139

Net profit sale secur 3,332,139

Net bef fed inc taxes 5,481,650 460,139

Federal income taxes 1,060,000

Net income 4,421,650 460,139

The report states that in calculating net asset value no provision has been made for possible Federal or state taxes due upon the sale of securities on which the corporation has unrealized capital gains, nor has the effect of possible conversion of outstanding stock purchase warrants, options or conversion rights been taken into account.

## Twentieth Century-Fox

TWENTIETH CENTURY-FOX FILM CORP. and wholly-owned subsidiaries report for 13 weeks ended June 20:

13 wks. end. 13 wks. end.

June 20, '57 June 20, '56

Earnings per common share \$1.73 \$1.63

Net income after taxes 1,836,180 1,680,531

Common shares 2,644,486 2,644,486

Twenty-six weeks ended June 30:

26 wks. end. 26 wks. end.

June 20, '57 June 20, '56

Earnings per common share \$1.54 \$1.52

Film rentals, etc. 64,374,713 54,779,339

Profit before income taxes 8,707,751 3,619,641

U. S. income taxes 2,830,000 36,000

Foreign income taxes 1,787,088 1,412,971

Net income 4,089,663 2,156,670

These Notes have not been and are not being offered to the public.  
This advertisement appears as a matter of record only.

August 23, 1957

## Cuban American Nickel Company

(Wholly owned by Freeport Sulphur Company)

\$75,000,000 Bank Notes

\$25,250,000 5% Subordinated Notes  
Due June 30, 1970

The undersigned assisted the Company in negotiating the contracts for the above loans.

Kidder, Peabody & Co.  
Incorporated

White, Weld &amp; Co.

Interest exempt, in opinion of counsel, from all present Federal Income Taxation

\$560,000

## City of Montpelier, Vermont

3.40% Bonds

\$25,000 due annually September 1, 1958 to 1977, inclusive  
\$15,000 due annually September 1, 1978 to 1981, inclusive

These Bonds, to be issued for various purposes, in the opinion of counsel will constitute valid and legally binding obligations of the City of Montpelier, payable from ad valorem taxes levied against all the taxable property therein without limitation as to rate or amount.

| Maturity | Yield | Maturity | Yield | Maturity | Yield | Maturity | Yield or Price |
|----------|-------|----------|-------|----------|-------|----------|----------------|
| 1958     | 2.35% | 1962     | 2.85% | 1966     | 3.05% | 1972-73  | 3.25%          |
| 1959     | 2.50  | 1963     | 2.90  | 1967     | 3.10  | 1974-75  | 3.30           |
| 1960     | 2.65  | 1964     | 2.95  | 1968-69  | 3.15  | 1976-78  | 3.35           |
| 1961     | 2.75  | 1965     | 3.00  | 1970-71  | 3.20  | 1979-81  | 100            |















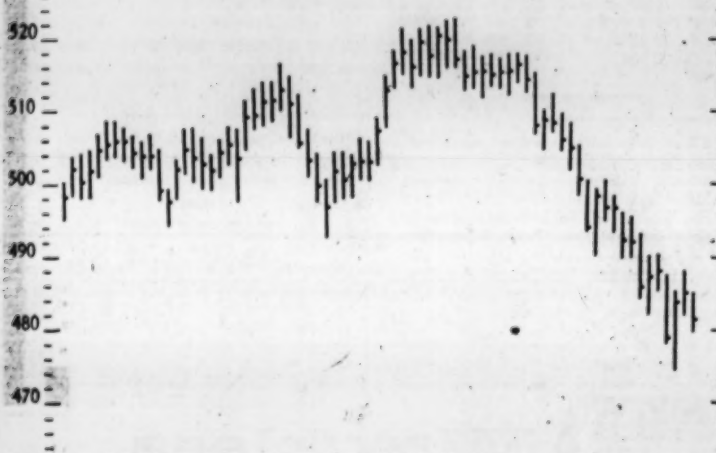








## INDUSTRIALS

—MAY— —JUNE— —JULY— —AUG—  
10 17 24 31 7 14 21 28 5 12 19 26 2 9 16 23

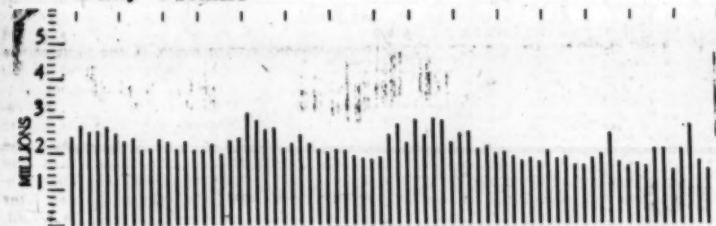
## RAILROADS



## UTILITIES



## Daily Volume



Following are the Dow-Jones averages of industrials, railroads and utility stocks with the total sales of each group for the period indicated:

| Date    | Open   | High   | Low    | Close  | Change | %     | High   | Low    | Shares  |
|---------|--------|--------|--------|--------|--------|-------|--------|--------|---------|
| Aug. 23 | 482.37 | 483.88 | 482.34 | 482.34 | 481.46 | -0.18 | 482.37 | 479.77 | 178,300 |
| Aug. 22 | 481.90 | 482.37 | 481.90 | 481.90 | 481.46 | -0.18 | 481.90 | 479.77 | 178,300 |
| Aug. 21 | 481.90 | 482.37 | 481.90 | 481.90 | 481.46 | -0.18 | 481.90 | 479.77 | 178,300 |
| Aug. 20 | 477.94 | 477.94 | 477.94 | 477.94 | 477.94 | 0.00  | 477.94 | 477.94 | 178,300 |
| Aug. 19 | 481.90 | 482.37 | 481.90 | 481.90 | 481.46 | -0.18 | 481.90 | 479.77 | 178,300 |
| Aug. 18 | 481.90 | 482.37 | 481.90 | 481.90 | 481.46 | -0.18 | 481.90 | 479.77 | 178,300 |
| Aug. 17 | 481.90 | 482.37 | 481.90 | 481.90 | 481.46 | -0.18 | 481.90 | 479.77 | 178,300 |
| Aug. 16 | 481.90 | 482.37 | 481.90 | 481.90 | 481.46 | -0.18 | 481.90 | 479.77 | 178,300 |
| Aug. 15 | 481.90 | 482.37 | 481.90 | 481.90 | 481.46 | -0.18 | 481.90 | 479.77 | 178,300 |
| Aug. 14 | 481.90 | 482.37 | 481.90 | 481.90 | 481.46 | -0.18 | 481.90 | 479.77 | 178,300 |
| Aug. 13 | 481.90 | 482.37 | 481.90 | 481.90 | 481.46 | -0.18 | 481.90 | 479.77 | 178,300 |
| Aug. 12 | 481.90 | 482.37 | 481.90 | 481.90 | 481.46 | -0.18 | 481.90 | 479.77 | 178,300 |
| Aug. 11 | 481.90 | 482.37 | 481.90 | 481.90 | 481.46 | -0.18 | 481.90 | 479.77 | 178,300 |
| Aug. 10 | 481.90 | 482.37 | 481.90 | 481.90 | 481.46 | -0.18 | 481.90 | 479.77 | 178,300 |
| Aug. 9  | 481.90 | 482.37 | 481.90 | 481.90 | 481.46 | -0.18 | 481.90 | 479.77 | 178,300 |
| Aug. 8  | 481.90 | 482.37 | 481.90 | 481.90 | 481.46 | -0.18 | 481.90 | 479.77 | 178,300 |
| Aug. 7  | 481.90 | 482.37 | 481.90 | 481.90 | 481.46 | -0.18 | 481.90 | 479.77 | 178,300 |
| Aug. 6  | 481.90 | 482.37 | 481.90 | 481.90 | 481.46 | -0.18 | 481.90 | 479.77 | 178,300 |
| Aug. 5  | 481.90 | 482.37 | 481.90 | 481.90 | 481.46 | -0.18 | 481.90 | 479.77 | 178,300 |
| Aug. 4  | 481.90 | 482.37 | 481.90 | 481.90 | 481.46 | -0.18 | 481.90 | 479.77 | 178,300 |
| Aug. 3  | 481.90 | 482.37 | 481.90 | 481.90 | 481.46 | -0.18 | 481.90 | 479.77 | 178,300 |
| Aug. 2  | 481.90 | 482.37 | 481.90 | 481.90 | 481.46 | -0.18 | 481.90 | 479.77 | 178,300 |
| Aug. 1  | 481.90 | 482.37 | 481.90 | 481.90 | 481.46 | -0.18 | 481.90 | 479.77 | 178,300 |

Averages are computed by dividing prices by the following: Industrials 4.33; Railroads 1.60; Utilities 0.31; 30 stocks 30.55.

| Date    | Open   | High   | Low    | Close  | Change | %    | High   | Low    | Shares |
|---------|--------|--------|--------|--------|--------|------|--------|--------|--------|
| Aug. 23 | 141.34 | 141.34 | 141.34 | 141.34 | 141.34 | 0.00 | 141.34 | 141.34 | 50,000 |
| Aug. 22 | 141.34 | 141.34 | 141.34 | 141.34 | 141.34 | 0.00 | 141.34 | 141.34 | 50,000 |
| Aug. 21 | 141.34 | 141.34 | 141.34 | 141.34 | 141.34 | 0.00 | 141.34 | 141.34 | 50,000 |
| Aug. 20 | 141.34 | 141.34 | 141.34 | 141.34 | 141.34 | 0.00 | 141.34 | 141.34 | 50,000 |
| Aug. 19 | 141.34 | 141.34 | 141.34 | 141.34 | 141.34 | 0.00 | 141.34 | 141.34 | 50,000 |
| Aug. 18 | 141.34 | 141.34 | 141.34 | 141.34 | 141.34 | 0.00 | 141.34 | 141.34 | 50,000 |
| Aug. 17 | 141.34 | 141.34 | 141.34 | 141.34 | 141.34 | 0.00 | 141.34 | 141.34 | 50,000 |
| Aug. 16 | 141.34 | 141.34 | 141.34 | 141.34 | 141.34 | 0.00 | 141.34 | 141.34 | 50,000 |
| Aug. 15 | 141.34 | 141.34 | 141.34 | 141.34 | 141.34 | 0.00 | 141.34 | 141.34 | 50,000 |
| Aug. 14 | 141.34 | 141.34 | 141.34 | 141.34 | 141.34 | 0.00 | 141.34 | 141.34 | 50,000 |
| Aug. 13 | 141.34 | 141.34 | 141.34 | 141.34 | 141.34 | 0.00 | 141.34 | 141.34 | 50,000 |
| Aug. 12 | 141.34 | 141.34 | 141.34 | 141.34 | 141.34 | 0.00 | 141.34 | 141.34 | 50,000 |
| Aug. 11 | 141.34 | 141.34 | 141.34 | 141.34 | 141.34 | 0.00 | 141.34 | 141.34 | 50,000 |
| Aug. 10 | 141.34 | 141.34 | 141.34 | 141.34 | 141.34 | 0.00 | 141.34 | 141.34 | 50,000 |
| Aug. 9  | 141.34 | 141.34 | 141.34 | 141.34 | 141.34 | 0.00 | 141.34 | 141.34 | 50,000 |
| Aug. 8  | 141.34 | 141.34 | 141.34 | 141.34 | 141.34 | 0.00 | 141.34 | 141.34 | 50,000 |
| Aug. 7  | 141.34 | 141.34 | 141.34 | 141.34 | 141.34 | 0.00 | 141.34 | 141.34 | 50,000 |
| Aug. 6  | 141.34 | 141.34 | 141.34 | 141.34 | 141.34 | 0.00 | 141.34 | 141.34 | 50,000 |
| Aug. 5  | 141.34 | 141.34 | 141.34 | 141.34 | 141.34 | 0.00 | 141.34 | 141.34 | 50,000 |
| Aug. 4  | 141.34 | 141.34 | 141.34 | 141.34 | 141.34 | 0.00 | 141.34 | 141.34 | 50,000 |
| Aug. 3  | 141.34 | 141.34 | 141.34 | 141.34 | 141.34 | 0.00 | 141.34 | 141.34 | 50,000 |
| Aug. 2  | 141.34 | 141.34 | 141.34 | 141.34 | 141.34 | 0.00 | 141.34 | 141.34 | 50,000 |
| Aug. 1  | 141.34 | 141.34 | 141.34 | 141.34 | 141.34 | 0.00 | 141.34 | 141.34 | 50,000 |

| Date    | Open  | High  | Low   | Close | Change | %    | High  | Low   | Shares |
|---------|-------|-------|-------|-------|--------|------|-------|-------|--------|
| Aug. 23 | 67.50 | 67.50 | 67.50 | 67.50 | 67.50  | 0.00 | 67.50 | 67.50 | 50,000 |
| Aug. 22 | 67.50 | 67.50 | 67.50 | 67.50 | 67.50  | 0.00 | 67.50 | 67.50 | 50,000 |
| Aug. 21 | 67.50 | 67.50 | 67.50 | 67.50 | 67.50  | 0.00 | 67.50 | 67.50 | 50,000 |
| Aug. 20 | 67.50 | 67.50 | 67.50 | 67.50 | 67.50  | 0.00 | 67.50 | 67.50 | 50,000 |
| Aug. 19 | 67.50 | 67.50 | 67.50 | 67.50 | 67.50  | 0.00 | 67.50 | 67.50 | 50,000 |
| Aug. 18 | 67.50 | 67.50 | 67.50 | 67.50 | 67.50  | 0.00 | 67.50 | 67.50 | 50,000 |
| Aug. 17 | 67.50 | 67.50 | 67.50 | 67.50 | 67.50  | 0.00 | 67.50 | 67.50 | 50,000 |
| Aug. 16 | 67.50 | 67.50 | 67.50 | 67.50 | 67.50  | 0.00 | 67.50 | 67.50 | 50,000 |
| Aug. 15 | 67.50 | 67.50 | 67.50 | 67.50 | 67.50  | 0.00 | 67.50 | 67.50 | 50,000 |
| Aug. 14 | 67.50 | 67.50 | 67.50 | 67.50 | 67.50  | 0.00 | 67.50 | 67.50 | 50,000 |
| Aug. 13 | 67.50 | 67.50 | 67.50 | 67.50 | 67.50  | 0.00 | 67.50 | 67.50 | 50,000 |
| Aug. 12 | 67.50 | 67.50 | 67.50 | 67.50 | 67.50  | 0.00 | 67.50 | 67.50 | 50,000 |
| Aug. 11 | 67.50 | 67.50 | 67.50 | 67.50 | 67.50  | 0.00 | 67.50 | 67.50 | 50,000 |
| Aug. 10 | 67.50 | 67.50 | 67.50 | 67.50 | 67.50  | 0.00 | 67.50 | 67.50 | 50,000 |
| Aug. 9  | 67.50 | 67.50 | 67.50 | 67.50 | 67.50  | 0.00 | 67.50 | 67.50 | 50,000 |
| Aug. 8  | 67.50 | 67.50 | 67.50 | 67.50 | 67.50  | 0.00 | 67.50 | 67.50 | 50,000 |
| Aug. 7  | 67.50 | 67.50 | 67.50 | 67.50 | 67.50  | 0.00 | 67.50 | 67.50 | 50,000 |
| Aug. 6  | 67.50 | 67.50 | 67.50 | 67.50 | 67.50  | 0.00 | 67.50 | 67.50 | 50,000 |
| Aug. 5  | 67.50 | 67.50 | 67.50 | 67.50 | 67.50  | 0.00 | 67.50 | 67.50 | 50,000 |
| Aug. 4  | 67.50 | 67.50 | 67.50 | 67.50 | 67.50  | 0.00 | 67.50 | 67.50 | 50,000 |
| Aug. 3  | 67.50 | 67.50 | 67.50 | 67.50 | 67.50  | 0.00 | 67.50 | 67.50 | 50,000 |
| Aug. 2  | 67.50 | 67.50 | 67.50 | 67.50 | 67.50  | 0.00 | 67.50 | 67.50 | 50,000 |
| Aug. 1  | 67.50 | 67.50 | 67.50 | 67.50 | 67.50  | 0.00 | 67.50 | 67.50 | 50,000 |

| Date    | Open  | High  | Low   | Close | Change | %    | High  | Low   | Shares |
|---------|-------|-------|-------|-------|--------|------|-------|-------|--------|
| Aug. 23 | 10.50 | 10.50 | 10.50 | 10.50 | 10.50  | 0.00 | 10.50 | 10.50 | 50,000 |
| Aug. 22 | 10.50 | 10.50 | 10.50 | 10.50 | 10.50  | 0.00 | 10.50 | 10.50 | 50,000 |
| Aug. 21 | 10.50 | 10.50 | 10.50 | 10.50 | 10.50  | 0.00 | 10.50 | 10.50 | 50,000 |
| Aug. 20 | 10.50 | 10.50 | 10.50 | 10.50 | 10.50  | 0.00 | 10.50 | 10.50 | 50,000 |
| Aug. 19 | 10.50 | 10.50 | 10.50 | 10.50 | 10.50  | 0.00 | 10.50 | 10.50 | 50,000 |
| Aug. 18 | 10.50 | 10.50 | 10.50 | 10.50 | 10.50  | 0.00 | 10.50 | 10.50 | 50,000 |
| Aug. 17 | 10.50 | 10.50 | 10.50 | 10.50 | 10.50  | 0.00 | 10.50 | 10.50 | 50,000 |
| Aug. 16 | 10.50 | 10.50 | 10.50 | 10.50 | 10.50  | 0.00 | 10.50 | 10.50 | 50,000 |
| Aug. 15 | 10.50 | 10.50 | 10.50 | 10.50 | 10.50  | 0.00 | 10.50 | 10.50 | 50,000 |
| Aug. 14 | 10.50 | 10.50 | 10.50 | 10.50 | 10.50  | 0.00 | 10.50 | 10.50 | 50,000 |
| Aug. 13 | 10.50 | 10.50 | 10.50 | 10.50 | 10.50  | 0.00 | 10.50 | 10.50 | 50,000 |
| Aug. 12 | 10.50 | 10.50 | 10.50 | 10.50 | 10.50  | 0.00 | 10.50 | 10.50 | 50,000 |
| Aug. 11 | 10.50 | 10.50 | 10.50 | 10.50 | 10.50  | 0.00 | 10.50 | 10.50 | 50,000 |
| Aug. 10 | 10.50 | 10.50 | 10.50 | 10.50 | 10.50  | 0.00 | 10.50 | 10.50 | 50,000 |
| Aug. 9  | 10.50 | 10.50 | 10.50 | 10.50 | 10.50  | 0.00 | 10.50 | 10.50 | 50,000 |
| Aug. 8  | 10.50 | 10.50 | 10.50 | 10.50 | 10.50  | 0.00 | 10.50 | 10.50 | 50,000 |
| Aug. 7  | 10.50 | 10.50 | 10.50 | 10.50 | 10.50  | 0.00 | 10.50 | 10.50 | 50,000 |
| Aug. 6  | 10.50 | 10.50 | 10.50 | 10.50 | 10.50  | 0.00 | 10.50 | 10.50 | 50,000 |
| Aug. 5  | 10.50 | 10.50 | 10.50 | 10.50 | 10.50  | 0.00 | 10.50 | 10.50 | 50,000 |
| Aug. 4  | 10.50 | 10.50 | 10.50 | 10.50 | 10.50  | 0.00 | 10.50 | 10.50 | 50,000 |
| Aug. 3  | 10.50 | 10.50 | 10.50 | 10.50 | 10.50  | 0.00 | 10.50 | 10.50 | 50,000 |
| Aug. 2  | 10.50 | 10.50 | 10.50 | 10.50 | 10.50  | 0.00 | 10.50 | 10.50 | 50,000 |
| Aug. 1  | 10.50 | 10.50 | 10.50 | 10.50 | 10.50  | 0.00 | 10.50 | 10.50 | 50,000 |

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|------------------------------------------------------|-----------|-----------|-----------|-------------------------------|--|-----------|-----------|
| L. S. Starrett Co.                                   |           |           |           | S-Net income                  |  | 31,825.81 | 31,825.81 |
| L. S. STARRETT CO. reports for the fiscal year ended |           |           |           | Net after preferred dividends |  | 26,262.09 | 27,312.73 |
| June 30:                                             |           |           |           |                               |  |           |           |
|                                                      | 1957      | 1956      | 1955      |                               |  |           |           |
| Earned per share                                     | \$10.59   | \$6.79    | \$3.35    |                               |  |           |           |
| Net sales                                            | 16,153.96 | 13,338.49 | 12,722.04 |                               |  |           |           |
| Net before income tax                                | 3,267.77  | 2,071.163 | 992.74    |                               |  |           |           |
| Net Federal income taxes                             | 1,760.69  | 1,069.00  | 504.66    |                               |  |           |           |
|                                                      | 1957      | 1956      | 1955      |                               |  |           |           |
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## Record Food Prices Helped Push July Living Costs to 11th High in Row

Index's Rise to 120.8% Means Pay Boosts, Mostly 3 Cents An Hour, for 1,300,000

By a WALL STREET JOURNAL Staff Reporter  
WASHINGTON — Consumer prices hit a new high in July for the eleventh month in a row, the Labor Department reported.

Pushed up mainly by record food prices, the agency's living cost index went up 0.5% during the month to 120.8% of the 1947-49 average.

Government price authorities who previously expressed hopes costs would go down in August said yesterday that either a "slight increase or a slight decline" is now in store for food prices this month. Food makes up about 30% of the overall index, which is now 3.2% above the July, 1956, level.

The July increase in the Government's cost of living figures will bring automatic wage boosts to some 1,300,000 workers under so-called "escalator" contracts, the department figures. Pay gains will range from one cent to six cents an hour, with the bulk of the workers expected to get about three cents. The agency said higher checks will go to

workers in the automobile, farm equipment, electric appliance, local transit, metals and trucking fields.

Although the after-tax pay of factory workers rose slightly during July, the gain was more than offset by the increase in the consumer price index. A factory worker with three dependents had earnings of \$75.44 a week during July after tax and social security deductions, up 15 cents from June, the report said. Buying power, which usually drops this time of the year because of a seasonal increase in food prices, declined 0.3% from the previous month.

Food prices advanced 1% during July to set a new record that was 0.7% above the previous high of August, 1952, and 2.3% above the level of a year ago, the department noted. Bacon and round steak prices registered the biggest increases; pork chop prices were unchanged. Consumers also had to pay an average of 54 cents a dozen for eggs, six cents more than in June.

The rest of the living cost gain occurred chiefly in the agency's "other goods and services" section of its consumer price index, largely as a result of higher cigarette prices. All other major groups except housing and apparel also advanced, the department said.

## Cement Strikes Curbed July Building, But Pace Still Equaled a Year Ago

By a WALL STREET JOURNAL Staff Reporter  
WASHINGTON — Last month's cement strikes held July construction activity to a less-than-usual seasonal increase over June, the Government reported.

On a seasonally adjusted basis, the \$4.0 billion of construction put in place in July was off 2% from June, according to the Commerce and Labor Departments, but the total was practically unchanged from a year earlier.

The joint report attributed the month-to-month slowdown entirely to shortages of cement and concrete products in the Eastern and Gulf Coast regions. Major cement producers were generally hit near the end of June by the walkouts, which lasted about five weeks. The construction figures were published about two weeks later than usual. An official said the delay was due to the cement strike, because "we wanted to analyze the effects of the cement strike on construction activity."

Highway construction was especially hard hit, it added. While the value of this work rose slightly from June, the increase was far

less than seasonal, the agencies reported, even though the \$45 billion put in place was a record for any July.

Seasonally-adjusted decreases also were registered for most types of non-residential building, both public and private, and for sewer and water system work.

The private home building construction pace was unchanged, judged secondly, as did utility construction, according to the report. Work on military and conservation and development projects rose more than seasonally.

For the first seven months of 1957 total new construction, at \$25.9 billion, was about 2% higher than for the comparable 1956 period, the agencies said. Private work of \$18.4 billion was about the same as last year, with sizable declines in home building and store construction largely offset by increases for public utilities; industrial, office, and hospital buildings, and additions and alterations to residential buildings. Public construction of \$7.5 billion exceeded last year's first 7 months total by 9%.

### Pittston Co.

NEW YORK—Pittston Co. announced construction of a \$250,000 coal research and testing laboratory. The new facility, which will have the latest equipment for testing and quality control of coal, will be built on the company's Clinchfield division property in Virginia near Moss No. 3 mine.

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## Minnesota Mining to Sell New Wall Reflector Tape

By a WALL STREET JOURNAL Staff Reporter  
CHICAGO—A silver-colored reflective tape which will glow in the light of auto mobile headlights at night but blend with the chrome bumpers by day will be marketed by Minnesota Mining & Manufacturing Co., that firm announced.

The new tape, which bears a recommended retail price of 98 cents for a 1-by-80-inch roll, has a cross-hatch design which Minnesota Mining says cannot be noticed at a distance of two car lengths during the day.

## Albert Says He Lent Almost 200,000 Bellanca Shares to 11 Persons

He Tells SEC Some Stock Has Not Been Returned, Again Denies Knowing Present Holdings

By a WALL STREET JOURNAL Staff Reporter  
WASHINGTON — Sydney L. Albert, president of Bellanca Corp., told a Government hearing he loaned almost 200,000 shares of his stock in the company to 11 persons who have not yet returned all of them.

But the heavy-set 50-year-old Bellanca chief again contended he does not know the extent of his present holdings in the company. He declared only "I believe I have possession or am in control of some Bellanca shares." Mr. Albert explained, however, he had not seen his Bellanca stock certificates or any of the company's stock certificates in more than a year.

Mr. Albert testified at a Securities and Exchange Commission hearing that's considering whether to delist Bellanca's common stock from the American Stock Exchange or bar it from trading for 12 months. The S.E.C. has challenged the accuracy and completeness of reports the New Castle, Del., company filed with the agency on its intricate 1955 and 1956 financial affairs.

### Albert Lists Loans

During those years, Mr. Albert declared, he loaned the following persons Bellanca shares: Joseph Abrams, Long Island, N. Y., industrial broker, 50,000; Joseph Hewitt, now a Bellanca director, 47,000 of which 7,000 he said have been returned; Shila Arsham, a company director, 40,000 of which Mr. Albert reported 13,000 have been returned; Harry Bernstein, Mr. Albert's father-in-law, 18,000 of which 4,000 were reportedly returned; Louis Rosen, a Bellanca employee, 10,000 of which 1,000 he said have been returned; Jules Darsky, a manufacturer, 10,000, all returned; Walter E. Joyce, a Bellanca director, 5,000, all returned; Ben W. Holub, an attorney, 5,000 of which 400 were said to have been returned; J. C. Hodge, once a Bellanca director, 1,000 shares; Irving Berk, an attorney, 5,000 shares of which Mr. Albert said 500 have been returned; and Fred Schoffer, 1,000.

The Bellanca president reported in all cases he loaned the stock on request from the borrowers. Most of the loans, he said, carried no interest or maturity dates. Mr. Albert added he intends to have all the unreturned shares given back or receive payment for them.

Mr. Albert informed the hearing on Wednesday he had acquired 1,071,250 shares or 82% of Bellanca's 1,300,000 outstanding shares in February, 1955. Bellanca's 1956 annual report, which the S.E.C. has criticized, listed Mr. Albert's holdings in the company on April 30 at about 137,000 shares.

### Appearance at Hearing Delayed

His appearance at the hearing was stalled until late afternoon as lawyers for the S.E.C. and Bellanca engaged in procedural disputes while another witness was on the stand for what was to be a brief examination.

The witness, Louis Carmick, former vice president of Automatic Washer Co., which Bellanca acquired in April, 1955, testified dealings between the two companies became strained shortly after Bellanca took control. "There was a deterioration of the closeness of the relationship between the two companies beginning in the spring and summer of 1956," Mr. Carmick stated.

Frederick Moss, attorney for the S.E.C.'s Division of Corporation Finance, queried Mr. Carmick about a note given to the Iowa firm by Mr. Albert in exchange for 305,000 Automatic Washer shares. Mr. Carmick testified the note amounted to \$1,220,000 but Mr. Moss claimed Bellanca valued the note at \$915,000 in a report to the S.E.C.

## Court Reserves Decision On Validity of Two New Loew's Directors

By a WALL STREET JOURNAL Staff Reporter  
WILMINGTON, Del.—Chancellor Collins J. Seitz reserved decision here yesterday in a Loew's Inc. hearing to determine the validity of two new directors elected by a "rump" session of the movie maker's board.

A ruling also is to be made on whether to continue a restraining order preventing Joseph R. Vogel, Loew's president, from spending company funds to solicit proxies in the inner-board fight for control of the movie making firm.

Chancellor Seitz's decision to delay decision on the right of the two directors to remain on the board followed a day-long hearing in which opposing lawyers tangled on interpretations of Delaware corporate law and Loew's by-laws. The director posts in dispute are those of Louis B. Mayer and Samuel Briskin, elected on July 30, by a five-man segment of the Loew's board, all considered to be in the camp of Joseph Tomlinson, the dissident director leading the fight against Mr. Vogel.

At the hearing, Mr. Vogel's attorneys claimed a quorum of seven is needed to fill board vacancies.

Loew's management has said vacant seats on Loew's board should be filled at a special stockholders meeting scheduled for September 12.

Chancellor Seitz also heard arguments on a petition by Ralph B. Campbell, a Lexington, Ky., shareholder, who received a temporary restraining order preventing Mr. Vogel from spending Loew's funds to solicit proxies in his behalf. Louis Nizer, Loew's special counsel claimed Mr. Campbell is a partner of Mr. Tomlinson in the management of a Kentucky hotel.

## Holder of Consolidated Retail Stores Preferred Plans Proxy Fight

He Opposes Reorganization Plan That Would Give Control of Chain to A. M. Sonnabend

NEW YORK—A proxy fight is shaping up over a proposed plan to reorganize Consolidated Retail Stores, Inc. The company operates 31 department stores in a number of cities. Simon Haberman, a New York attorney whose family own about 2.5% of Consolidated's preferred stock, said "I definitely intend to solicit proxies from (preferred) stockholders" to oppose and, if possible, to block the plan of reorganization approved by the company and proposed by A. M. Sonnabend, president and chairman of Botany Mills, Inc., and president of Hotel Corp. of America.

Essentially the reorganization plan, up for approval at a special meeting of shareholders on September 10, would give Mr. Sonnabend working control of Consolidated through acquisition of 45% to 57% of the recapitalized common stock.

### Plan Offers Three Choices

The plan would offer the company's creditors these three choices: Acceptance of non-interest bearing ten-year notes issued by the company with the initial payment due in five years; acceptance from Mr. Sonnabend of 40 cents on the dollar in cash; or acceptance from Mr. Sonnabend of 30 cents in cash on the dollar and 25 cents on the dollar in promissory notes.

Consolidated's proxy statement said that if bank and insurance creditors accept the third choice, Mr. Sonnabend would be obliged to put up an estimated \$320,000 in cash initially.

Mr. Haberman objects because, he says, "all Mr. Sonnabend is putting in initially is \$320,000 and for that he gets control of the company with a complete board of directors plus a tax-loss carry forward of about \$3,800,000 and I just can't see that."

The company's proxy statement notes that Mr. Sonnabend "will not be entitled to prepayment of this \$320,000 until the company is able to disburse that sum without reducing the then current ratio of its current assets and its current liabilities below 1.8 to 1."

### Advocate of Proposal

Ralph H. Haas, chairman of a protective committee for preferred stock of Consolidated and favorable to the plan, said that his group had "signed authorizations from 168 preferred shareholders who own in aggregate more than one third of all outstanding shares of preferred stock." He explained that authorizations merely "authorize us to carry out negotiations" and are not proxies. Asked if he intended to solicit proxies, he said that he "would cross that bridge when I come to it."

Under the terms of incorporation, votes of more than two thirds of the 44,490 outstanding preferred shares are required to adopt the plan of reorganization. The 370,360 common shares, which are not closely held by the company, require a simple majority. Therefore efforts to block the plan are centering on the preferred stock. Mr. Haberman believes he will have "more than enough proxies to block the plan."

In a letter sent to all preferred shareholders, Mr. Haas said "we have carried on extensive negotiations with various interests. However, none of the parties were willing to

make a proposal as favorable as Mr. Sonnabend." Mr. Haas added that he is a private business consultant and owns no stock in the company.

The company, which had a loss of \$1,845,233 on sales of \$21,040,867 for the fiscal year ended January 31, said its difficulties in the past few years "resulted chiefly from insufficient sales volume, particularly in relation to the overhead of the central office in New York, from disproportionately heavy losses in a few stores and from lack of top merchandising talent." The company added that "it is not possible to weigh these factors separately, or to assign any single cause as responsible for the losses."

### American Electronics

LOS ANGELES—American Electronics, Inc., has acquired for 30,000 shares of its common stock Atlantic Instrument Corp., Norwood, Mass., the companies announced.

Atlantic, which manufactures electronic instruments and components, has sales of about \$100,000 a month and employs about 100 persons in an 11,000 square-foot plant. The company will be operated as a wholly-owned subsidiary of American. Plans are underway to increase production capacity at Atlantic and to boost sales to the rate of about \$2 million a year by September.

## Natomas Co. Had Earnings Of \$346,672 During 1st Half

SACRAMENTO, Calif.—Natomas Co. had net income of \$346,672 or 11 cents a share on 3,245,436 shares outstanding for the first half of 1957, R. G. Smith, president, announced. No comparable figures are available as the company has changed its fiscal year to end December 31 from September 30.

The gold mining company reported total income of \$1,549,630. Gold dredging accounted for \$679,921, and \$619,093 came in dividends from investments in American President Lines and Pacific Far East Line, Inc.

During the six months ended June 30, 1957, Natomas deferred additional gains of \$498,563, on land sold on the installment basis until realized through cash receipts.

The mining company closed down one dredge in March, due to exhaustion of available reserves. The company reported three other units remain in production with gold recovery continuing at the average rate prevailing in recent years. Further curtailment of operations is not expected until 1960, Mr. Smith stated.

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## B.F. Goodrich report:



## Hose picks up a lake and moves it away

### B.F. Goodrich improvements in rubber brought extra savings

**Problem:** That pump works night and day, draining water out of a huge excavation. It's where one of the locks is being built on the St. Lawrence Seaway. Only one trouble.

The water is loaded with clay, sand, gravel, small stones. The combination is so rough that the teeth on excavation shovels used here have to be changed several times a day. Such sharp particles would wear holes in ordinary hose or even in metal pipe.

**What was done:** Luckily, the engineer in charge knew about a tough rubber

hose, developed by B.F. Goodrich for handling other troublesome materials. The special lining in this hose is soft enough so the sharp, gritty particles simply bounce off the rubber instead of digging in and cutting it to shreds.

**Savings:** B.F. Goodrich hose had been on the job six months when the picture was taken. It gulps thousands of gallons of water-and-grit every day, and it's standing the abuse so well that engineers predict it will last at least two more years.

**Where to buy:** Your B.F. Goodrich

distributor has exact specification for the B.F. Goodrich suction hose described here. And, as a factory-trained specialist in rubber products, he can answer your questions about all the rubber products B.F. Goodrich makes for industry. B.F. Goodrich Industrial Products Co., Dept. M-154, Akron 18, O.

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